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OCC Proposes Rule For Bank Employees Who Recommend or Sell
Certain Securities

WASHINGTON, DC -- The Office of the Comptroller of the Currency (OCC) has joined with the Federal Deposit Insurance Corporation (FDIC) and the Federal Reserve Board (FRB) to propose a rule that establishes a series of testing and qualification requirements for bank employees engaged in direct retail solicitations, recommendations, purchases, or sales of securities. The proposed rule imposes on bank employees the core testing and qualification requirements imposed on participants in the securities industry by the National Association of Securities Dealers (NASD) and the other securities self regulatory organizations.

"These requirements will ensure the investing public that securities salespersons employed by banks have the same level of training as anyone else in the securities marketplace," said Comptroller of the Currency Eugene A. Ludwig. "This proposal will remove a longstanding barrier that has prevented bank employees from becoming licensed under the NASD's Series 6 and Series 7 examinations."

The proposal is intended to promote safety and soundness in banking, advance customer protection, and establish operational and managerial standards for banks.

Banks that engage in direct retail recommendations or sales of most securities will be required to register with their primary bank regulatory agency as a "sponsoring bank." The NASD automated Central Registration Depository (CRD) system will serve as agent for collection of filings from sponsoring banks and their employees on behalf of the banking agencies. The banking agencies, however, will have access to all information on file with the NASD through a computer linkup.

Under the proposed rule, bank employees who recommend or sell securities will be required to pass either the Series 6 or Series 7 securities examination, depending upon the products the employee sells. Bank personnel who supervise such employees will also be required to pass the same exam as the employees they supervise.

Bank securities representatives also will generally be required to participate in the securities industry's Continuing Education Program. Sponsoring banks, consistent with the existing agency policy, will be required to provide relevant training to their securities representatives.

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The OCC charters, regulates and supervises approximately 2,800 national banks and 66 federal branches and agencies of foreign banks in the U.S., accounting

for more than half the nation's banking assets. Its mission is to ensure a safe, sound and competitive national banking system that supports the citizens, communities and economy of the United States.