



12 CFR Part 390

RIN 3064-AF30

Removal of Transferred OTS Regulations Regarding Definitions of Terms

AGENCY: Federal Deposit Insurance Corporation.

ACTION: Notice of proposed rulemaking.

SUMMARY: In order to streamline FDIC regulations, the FDIC proposes to rescind and remove from the Code of Federal Regulations rules entitled *Definitions for Regulations Affecting All State Savings Associations* that were transferred to the FDIC from the Office of Thrift Supervision (OTS) on July 21, 2011, in connection with the implementation of Title III of the Dodd-Frank Wall Street Reform and Consumer Protection Act (Dodd-Frank Act). The effective date of rescinding and removing these regulations would be coordinated with the rescission and removal of the other remaining subparts.

DATES: Comments must be received on or before [INSERT DATE 30 DAYS AFTER DATE OF PUBLICATION IN THE *FEDERAL REGISTER*].

ADDRESSES: You may submit comments, identified by RIN 3064-AF30, by any of the following methods:

- *FDIC Website:* <https://www.fdic.gov/regulations/laws/federal/>. Follow instructions for submitting comments on the agency website.
- *Email:* Comments@fdic.gov. Include RIN 3064–AF30 on the subject line of the message.
- *Mail:* James P. Sheesley, Assistant Executive Secretary, Attention: Comments, Federal Deposit Insurance Corporation, 550 17th Street NW, Washington, DC 20429.
- *Hand Delivery to FDIC:* Comments may be hand-delivered to the guard station at the rear of the 550 17th Street NW building (located on F Street) on business days between 7 a.m. and 5 p.m.

Please include your name, affiliation, address, email address, and telephone number(s) in your comment. All statements received, including attachments and other supporting materials, are part of the public record and are subject to public disclosure. You should submit only information that you wish to make publicly available.

Please note: all comments received will be posted generally without change to <https://www.fdic.gov/regulations/laws/federal/>, including any personal information provided.

FOR FURTHER INFORMATION CONTACT: Thomas Hearn, Counsel, Legal Division, thohearn@fdic.gov, 202-898-6967; or Kathryn Marks, Counsel, Legal Division, kmarks@fdic.gov, 202-898-3896.

SUPPLEMENTARY INFORMATION:

I. Policy Objectives

The policy objective of the proposed rule is to rescind and remove unnecessary and duplicative regulations in order to simplify them and improve the public's understanding of them. Subpart Q of part 390 is composed entirely of definitions of terms used in other subparts of parts 390 and 391. When completed, the ongoing rescission and removal of all other subparts of parts 390 and 391 mean the definitions in subpart Q will no longer apply to any current regulation, rendering it unnecessary. Therefore, the proposed rescission and removal of subpart Q may contribute to minimizing potential misunderstanding of the subpart by readers and help keep federal regulations current.

II. Background

Title III of the Dodd-Frank Wall Street Reform and Consumer Protection Act of 2010 (the Dodd-Frank Act or the Act) provided for the functions, powers, and duties of the Office of Thrift Supervision (OTS) relating to State savings associations to transfer to the FDIC effective one year after July 21, 2010, the date that the Dodd-Frank Act was

enacted.¹ In connection with this transfer, effective July 22, 2011, the FDIC caused to be published in the Federal Register the transferred OTS regulations related to State savings associations reissued as parts 390 and 391 of the FDIC's regulations.²

When the FDIC reissued OTS regulations as parts 390 and 391 of the FDIC's regulations, it specifically noted that its staff would evaluate the reissued regulations and may later recommend incorporating them into other FDIC regulations, amending them, or rescinding them, as appropriate.³ The FDIC has since rescinded and removed all subparts of part 391.⁴ At present, the FDIC has rescinded and removed 24 of the 26 subparts of part 390 and a notice of proposed rulemaking with respect to subpart W (Securities Offerings), is expected to be considered at the same Board meeting.⁵ Subpart Q, the

¹ Section 311 of the Dodd-Frank Wall Street Reform and Consumer Protection Act, Public Law No. 111-203, 124 Stat. 1376 (2010) (codified at 12 U.S.C. 5411). The Act also amended section 3 of the Federal Deposit Insurance Act (FDI Act) to designate the FDIC as the "appropriate Federal banking agency" for State savings associations.

² 76 FR 47652 (Aug. 5, 2011).

³ 76 FR at 47653.

⁴ The list below reflects the relevant *Federal Register* citations and effective dates for the rescission and removal of the subparts of part 391.

Subpart A—Security Procedures, final rule, 83 FR 13839 (Apr. 2, 2018)

<https://www.govinfo.gov/content/pkg/FR-2018-04-02/pdf/2018-06161.pdf>, effective May 2, 2018;

Subpart B—Safety and Soundness Guidelines and Compliance Procedures, final rule, 80 FR 65904

(Oct. 28, 2015) <https://www.govinfo.gov/content/pkg/FR-2015-10-28/pdf/2015-27293.pdf>, effective

November 27, 2015; **Subpart C—Fair Credit Reporting**, final rule, 80 FR 65913 (Oct. 28, 2015)

<https://www.govinfo.gov/content/pkg/FR-2015-10-28/pdf/2015-27291.pdf>, effective November 27, 2015;

Subpart D—Loans in Areas Having Special Flood Hazards, final rule, 79 FR 75742 (Dec. 19, 2014)

<https://www.govinfo.gov/content/pkg/FR-2014-12-19/pdf/2014-29761.pdf>, effective January 20, 2015; and

Subpart E—Acquisitions of Control of State Savings Associations, final rule, 80 FR 65889 (Oct. 28,

2015) <https://www.govinfo.gov/content/pkg/FR-2015-10-28/pdf/2015-27289.pdf>, effective January 1, 2016.

⁵ The list below reflects the relevant *Federal Register* citations and effective dates for the 24 subparts of part 390 that have been rescinded and removed. The FDIC is also expected to propose rescinding and removing Subpart W at the same Board meeting on January 19, 2021.

Subpart A—Restrictions on Post-Employment Activities of Senior Examiners, final rule, 79 FR 42181 (July 21, 2014) <https://www.govinfo.gov/content/pkg/FR-2014-07-21/pdf/2014-16974.pdf>, effective

August 20, 2014; **Subpart B—Removals, Suspensions, and Prohibitions Where a Crime is Charged or Proven**, final rule, 80 FR 5009 (Jan. 30 2015) [https://www.govinfo.gov/content/pkg/FR-2015-01-](https://www.govinfo.gov/content/pkg/FR-2015-01-30/pdf/2015-01327.pdf)

[30/pdf/2015-01327.pdf](https://www.govinfo.gov/content/pkg/FR-2015-01-30/pdf/2015-01327.pdf), effective March 2, 2015; **Subpart C—Rules of Practice and Procedure in**

Adjudicatory Proceedings, final rule, 80 FR 5009 (Jan. 30 2015)

<https://www.govinfo.gov/content/pkg/FR-2015-01-30/pdf/2015-01327.pdf>, effective March 2, 2015;

Subpart D—Rules for Investigations and Formal Examination Proceedings, final rule, 80 FR 5009

(Jan. 30 2015) <https://www.govinfo.gov/content/pkg/FR-2015-01-30/pdf/2015-01327.pdf>, effective March

2, 2015; **Subpart E—Rules of Practice Before the FDIC**, final rule, 80 FR 5009 (Jan. 30 2015)

<https://www.govinfo.gov/content/pkg/FR-2015-01-30/pdf/2015-01327.pdf>, effective March 2, 2015;

subject of this Notice, is the final of the 26 subparts to be considered by the Board for rescission.

III. Proposed Regulation Changes

Part 390, subpart Q, contains definitions of terms used in subparts 390 and 391,⁶ and is derived from definitions contained in 12 CFR part 561 of the OTS regulations. As noted above, all of part 391 has been rescinded and removed from the FDIC's

Subpart F—Application Process Procedures, final rule approved by the FDIC Board on December 15, 2020, <https://www.govinfo.gov/content/pkg/FR-2020-10-15/pdf/2020-21000.pdf>; **Subpart G—Nondiscrimination Requirements**, final rule approved by the FDIC Board on December 15, 2020, <https://www.fdic.gov/news/board/2020/2020-12-15-notice-sum-f-mem.pdf>; **Subpart H—Disclosure and Reporting of CRA-Related Agreements**, final rule, 79 FR 42183 (July 21, 2014) <https://www.govinfo.gov/content/pkg/FR-2014-07-21/pdf/2014-16973.pdf>, effective August 20, 2014; Correction 80 FR 23692 (Apr. 29, 2015); <https://www.govinfo.gov/content/pkg/FR-2015-04-29/pdf/2015-09894.pdf>, effective April 29, 2015; **Subpart I—Consumer Protection in Sales of Insurance**, final rule, 83 FR 13843 (April 2, 2018) <https://www.govinfo.gov/content/pkg/FR-2018-04-02/pdf/2018-06163.pdf>, effective May 2, 2018; **Subpart J—Fiduciary Powers of State Savings Associations**, final rule, 83 FR 60333 (Nov. 26, 2018) <https://www.govinfo.gov/content/pkg/FR-2018-11-26/pdf/2018-25659.pdf>, effective January 1, 2019; **Subpart K—Recordkeeping and Confirmation Requirements for Securities Transactions**, final rule, 78 FR 76721 (Dec. 19, 2013) <https://www.govinfo.gov/content/pkg/FR-2013-12-19/pdf/2013-29786.pdf>, effective January 24, 2014; **Subpart L—Electronic Operations**, final rule, 80 FR 65612 (Oct. 27, 2015) <https://www.govinfo.gov/content/pkg/FR-2015-10-27/pdf/2015-27292.pdf>, effective November 27, 2015; **Subpart M—Deposits**, final rule, 84 FR 65276 (Nov. 27, 2019) <https://www.govinfo.gov/content/pkg/FR-2019-11-27/pdf/2019-25697.pdf>, effective December 27, 2019; **Subpart N—Possession by Conservators or Receivers of Federal and State Savings Associations**, final rule, 80 FR 5015 (Jan. 30, 2015) <https://www.govinfo.gov/content/pkg/FR-2015-01-30/pdf/2015-01326.pdf>, effective March 2, 2015; **Subpart O—Subordinate Organizations**, final rule approved by the FDIC Board on December 15, 2020, <https://www.fdic.gov/news/board/2020/2020-12-15-notice-sum-g-fr.pdf>; **Subpart P—Lending and Investment**, final rule, 84 FR 31171 (July 1, 2019) <https://www.govinfo.gov/content/pkg/FR-2019-07-01/pdf/2019-13449.pdf>, effective July 31, 2019; **Subpart R—Regulatory Reporting Standards**, final rule, 85 FR 3247 (Jan. 21, 2020) <https://www.govinfo.gov/content/pkg/FR-2020-01-21/pdf/2019-27577.pdf>, effective February 20, 2020; **Subpart S—State Savings Associations—Operations**, final rule, 85 FR 3232 (Jan. 21, 2020) <https://www.govinfo.gov/content/pkg/FR-2020-01-21/pdf/2019-27580.pdf>, effective February 20, 2020; **Subpart T—Accounting Requirements**, final rule, 85 FR 3250 (Jan. 21, 2020) <https://www.govinfo.gov/content/pkg/FR-2020-01-21/pdf/2019-27579.pdf>, effective February 20, 2020; **Subpart U—Securities of State Savings Associations**, final rule, 79 FR 63498 (Oct. 24, 2014) <https://www.govinfo.gov/content/pkg/FR-2014-10-24/pdf/2014-25336.pdf>, effective November 24, 2014; **Subpart V—Management Officials Interlock**, final rule, 80 FR 79250 (Dec. 21, 2015) <https://www.govinfo.gov/content/pkg/FR-2015-12-21/pdf/2015-31940.pdf>, effective January 20, 2016; **Subpart W—Securities Offerings**, Subpart W is expected to be considered at the January 19, 2021, Board meeting.; **Subpart X—Appraisals**, final rule, 80 FR 33658 (June 9, 2015) <https://www.govinfo.gov/content/pkg/FR-2015-06-09/pdf/2015-12719.pdf>, effective August 10, 2015; **Subpart Y—Prompt Corrective Action**, final rule, §§ 390.450 through 390.455 rescinded and removed, 83 FR 17737 (April 24, 2018) <https://www.govinfo.gov/content/pkg/FR-2018-04-24/pdf/2018-06881.pdf>, effective April 24, 2018; for rescinding and removing the remaining sections of subpart Y, §§ 390.456 through 390.459, a final rule was approved by the FDIC Board on December 15, 2020, <https://www.fdic.gov/news/board/2020/2020-12-15-notice-sum-h-fr.pdf> <https://www.fdic.gov/news/board/2020/2020-12-15-notice-sum-h-fr.pdf>; **Subpart Z—Capital**, final rule, 83 FR 17737 (Apr. 24, 2018) <https://www.govinfo.gov/content/pkg/FR-2018-04-24/pdf/2018-06881.pdf>, (effective April 24, 2018).

⁶ Subpart Q is derived from part 561 of the OTS regulations.

regulations. For part 390, 24 of the 26 subparts have been rescinded and removed and the other remaining subpart, subpart W, is expected to be considered at the January 2021 Board meeting. Once this other remaining subpart of part 390 is rescinded and removed, no regulations will remain to which the definitions in subpart Q will apply. For this reason, the FDIC is proposing to rescind and remove subpart Q, the last of the 26 subparts, and will coordinate the final rule's effective date with effective dates for the rescission and removal of the remaining other subparts of part 390.

IV. Expected Effects

As of the quarter ending June 30, 2020, the FDIC supervised 3,270 depository institutions, of which 35 (1.1 percent) are State savings associations.⁷ The proposed rule primarily would affect regulations that govern State savings associations. Therefore, the FDIC estimates that the proposed rule will affect 35 FDIC-supervised State savings associations. As previously discussed, the proposed rule, if adopted, would rescind and remove part 390, subpart Q. Since the proposed rescission and removal of subpart Q is being coordinated with the rescission and removal of the five remaining subparts of part 390, it will no longer apply to any regulation and will, therefore, be unnecessary. Based on the forgoing, the proposed rule is not expected to have any substantive effects on FDIC-supervised State savings associations.

The proposed rule could have a broad effect on the public by simplifying the Code of Federal Regulations, and thereby, benefit the public by promoting ease of understanding and reference. Assessing the magnitude of this potential effect appears infeasible given the absence of direct studies demonstrating the potential connection between outdated federal regulations and compliance outcomes.

The FDIC does not believe that the proposed rule will have direct substantive effects on financial market activity or the U.S. economy.

⁷ CALL Report data, June 2020.

The FDIC invites comments on all aspects of this analysis. In particular, would the proposed rule have any costs or benefits to covered entities that the FDIC has not identified?

V. Alternatives Considered

The FDIC has considered alternatives to the proposed rule, but believes the proposed rule represents the most appropriate option for covered institutions. As discussed previously, the Dodd-Frank Act transferred to the FDIC certain powers, duties, and functions formerly performed by the OTS. The FDIC's Board reissued and redesignated certain transferred regulations from the OTS, but noted that it would evaluate and might later, as appropriate, rescind, amend, or incorporate the regulations into other FDIC regulations.

The FDIC has evaluated the existing regulations regarding definitions of terms used in parts 390 and 391. The FDIC considered the status quo alternative of retaining the current regulations, but believes it would be unnecessary for FDIC-supervised institutions to continue to refer to these regulations when they will not apply to remaining regulations. If subpart Q remained in the Federal Code while all the subparts to which it applied were rescinded and removed, some members of the public could incur modest but unnecessary costs associated with the time and effort to comprehend the meaning of the presence of subpart Q. Therefore, the FDIC is proposing to rescind and remove the regulations.

VI. Request for Comments

The FDIC invites comments on all aspects of this proposed rulemaking. In particular, the FDIC requests comments on what negative impacts, if any, can you foresee in the FDIC's proposal to rescind and remove part 390, subpart Q from the Code of Federal Regulation and to coordinate this action with the effective dates of the rescission

and removal of the other remaining subparts of part 390. Please provide any other comments you have on the proposal.

VII. Administrative Law Matters

A. The Paperwork Reduction Act

In accordance with the requirements of the Paperwork Reduction Act of 1995 (PRA),⁸ the FDIC may not conduct or sponsor, and the respondent is not required to respond to, an information collection unless it displays a currently valid Office of Management and Budget (OMB) control number.

The proposed rule would rescind and remove from FDIC regulations part 390, subpart Q. The proposed rule will not create any new or revise any existing collections of information under the PRA. Therefore, no information collection request will be submitted to the OMB for review.

B. The Regulatory Flexibility Act

The Regulatory Flexibility Act (RFA), requires that, in connection with a notice of proposed rulemaking, an agency prepare and make available for public comment an initial regulatory flexibility analysis that describes the impact of the proposed rule on small entities.⁹ However, a regulatory flexibility analysis is not required if the agency certifies that the proposed rule will not have a significant economic impact on a substantial number of small entities, and publishes its certification and a short explanatory statement in the *Federal Register*, together with the proposed rule. The Small Business Administration (SBA) has defined “small entities” to include banking organizations with total assets of less than or equal to \$600 million.¹⁰ Generally, the

⁸ 44 U.S.C. 3501–3521.

⁹ 5 U.S.C. 601, *et seq.*

¹⁰ The SBA defines a small banking organization as having \$600 million or less in assets, where “a financial institution’s assets are determined by averaging the assets reported on its four quarterly financial statements for the preceding year.” See 13 CFR 121.201 (as amended by 84 FR 34261, effective August 19, 2019). “SBA counts the receipts, employees, or other measure of size of the concern whose size is at issue and all of its domestic and foreign affiliates.” See 13 CFR 121.103. Following these regulations, the

FDIC considers a significant effect to be a quantified effect in excess of 5 percent of total annual salaries and benefits per institution, or 2.5 percent of total noninterest expenses. The FDIC believes that effects in excess of these thresholds typically represent significant effects for FDIC-supervised institutions.

As of the quarter ending June 30, 2020, the FDIC supervised 3,270 depository institutions,¹¹ of which 2,492 were considered small entities for the purposes of RFA.¹² There are 33 (1.0 percent of FDIC-supervised depository institutions) State savings associations that are small entities for the purposes of RFA.¹³ As discussed previously, the proposed rule would rescind and remove 12 CFR part 390, subpart Q, which contains definitions of terms used in parts 390 and 391 of the FDIC's regulations. Because all of part 391 has been rescinded and removed and all other remaining subparts of part 390 will be rescinded and removed upon finalization of this proposed rulemaking, the FDIC does not expect the rescission and removal of the definitions in subpart Q to significantly affect any small FDIC-supervised State savings associations.

Based on the information above, the FDIC certifies that the proposed rule, if enacted, would not have a significant economic impact on a substantial number of small entities.

The FDIC invites comments on all aspects of the supporting information provided in this section, and in particular, whether the proposed rule would have any significant effects on small entities that the FDIC has not identified.

C. Plain Language

Section 722 of the Gramm-Leach-Bliley Act¹⁴ requires the Federal banking agencies to use plain language in all proposed and final rules published after January 1,

FDIC uses a covered entity's affiliated and acquired assets, averaged over the preceding four quarters, to determine whether the FDIC-supervised institution is "small" for the purposes of RFA.

¹¹ FDIC-supervised institutions are set forth in 12 U.S.C. 1813(q)(2).

¹² FDIC CALL Report data, June 30, 2020.

¹³ *Id.*

¹⁴ Public Law 106-102, section 722, 113 Stat. 1338, 1471 (codified at 12 U.S.C. 4809)).

2000. The FDIC has sought to present the proposed rule in a simple and straightforward manner. The FDIC invites comments on whether the proposal is clearly stated and effectively organized and how the FDIC might make the proposal easier to understand.

D. The Economic Growth and Regulatory Paperwork Reduction Act

Under section 2222 of the Economic Growth and Regulatory Paperwork Reduction Act of 1996 (EGRPRA), the FDIC is required to review all of its regulations at least once every 10 years in order to identify any outdated or otherwise unnecessary regulations imposed on insured institutions.¹⁵ The FDIC, along with the other Federal banking agencies, submitted a Joint Report to Congress on March 21, 2017 (EGRPRA Report) discussing how the review was conducted, what has been done to date to address regulatory burden, and further measures the FDIC will take to address issues that were identified.¹⁶ As noted in the EGRPRA Report, the FDIC is continuing to streamline and clarify its regulations through the OTS rule integration process. By rescinding and removing outdated or unnecessary regulations such as part 390, subpart Q, this proposed rule complements other actions that the FDIC has taken, separately and with the other Federal banking agencies, to further the EGRPRA mandate.

E. Riegle Community Development and Regulatory Improvement Act of 1994

Pursuant to section 302(a) of the Riegle Community Development and Regulatory Improvement Act (RCDRIA),¹⁷ in determining the effective date and administrative compliance requirements for new regulations that impose additional reporting, disclosure, or other requirements on insured depository institutions (IDIs), each Federal banking agency must consider, consistent with principles of safety and soundness and the public interest, any administrative burdens that such regulations would place on depository institutions, including small depository institutions, and customers of depository

¹⁵ Public Law No. 104-208, 110 Stat. 3009 (1996).

¹⁶ 82 FR 15900 (March 31, 2017).

¹⁷ 12 U.S.C. 4802(a).

institutions, as well as the benefits of such regulations. In addition, section 302(b) of RCDRIA requires new regulations and amendments to regulations that impose additional reporting, disclosures, or other new requirements on IDIs generally to take effect on the first day of a calendar quarter that begins on or after the date on which the regulations are published in final form.¹⁸ The FDIC invites comments that further will inform its consideration of RCDRIA.

List of Subjects in 12 CFR Part 390

Administrative practice and procedure, Advertising, Aged, Civil rights, Conflict of interests, Credit, Crime, Equal employment opportunity, Fair housing, Government employees, Individuals with disabilities, Reporting and recordkeeping requirements, Savings associations.

PART 390—REGULATIONS TRANSFERRED FROM THE OFFICE OF THRIFT SUPERVISION

Authority and Issuance

For the reasons stated in the preamble, the Federal Deposit Insurance Corporation proposes to amend part 390 of title 12 of the Code of Federal Regulations as follows:

1. The authority citation for part 390 is revised to read as follows:

Authority: 12 U.S.C. 1819.

Subpart Q—[Removed and Reserved]

2. Remove and reserve subpart Q, consisting of §§ 390.280 through 390.316.

Federal Deposit Insurance Corporation.

By order of the Board of Directors.

Dated at Washington, DC, on January 19, 2021.

James P. Sheesley,

¹⁸ *Id.*

Assistant Executive Secretary.

BILLING CODE 6714-01-P

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