



1120 Connecticut Avenue, NW  
Washington, DC 20036

1-800-BANKERS  
www.aba.com

*World-Class Solutions,  
Leadership & Advocacy  
Since 1875*

**Paul A. Smith**  
Senior Counsel  
Phone: 202-663-5331  
Fax: 202-828-4548  
psmith@aba.com

October 25, 2001

Communications Division  
Office of the Comptroller of the Currency  
250 E Street, SW Mailstop1-5  
Washington, DC 20219

Re: Docket No. 01-20; 12 CFR Part 8: Assessment of Fees; 66 Federal Register 48983; September 25, 2001

The Office of the Comptroller of the Currency ("OCC") proposes raising the semiannual assessment for national banks for 2002 by setting a minimum base amount for the assessment. The increase would affect all national banks, most of which are members of the American Bankers Association. The American Bankers Association ("ABA") brings together all categories of banking institutions to best represent the interests of this rapidly changing industry. Its membership – which includes community, regional and money center banks and bank holding companies, as well as savings associations, trust companies and savings banks – makes ABA the largest bank trade association in the country.

The OCC funds itself through assessments on institutions regulated by the OCC. The National Bank Act authorizes the OCC to collect assessments, fees, or other charges as necessary or appropriate to carry out the responsibilities of the Office (12 U.S.C. 482). The statute requires that the OCC set its fees, assessments and charges to meet the Comptroller's expenses. Currently, banks pay an assessment equal to their assets multiplied by the assessment factor fixed each year by the OCC.

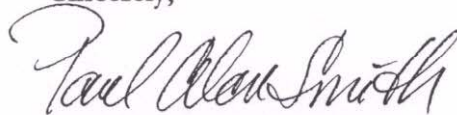
Under the proposal, beginning in 2002 all banks for the first time would pay a minimum base amount. The OCC says that it expects to propose a semi-annual base amount of about \$5000, to reflect the minimum cost of examining a very small bank. For a year, this would represent an increase for a \$2 million asset bank in assessment from \$6,422 to \$10,000, or about 60%. According to the OCC, there are about 23 national banks with less than \$2 million in assets. Because this is a base amount for the calculation of the semiannual assessment for all national banks, all national banks would have their next assessment increased at least this much, but the impact, in terms of a percentage increase, on smaller banks is far more than on larger ones. The OCC acknowledges this and specifically requests comment on the impact of the proposal on small banks' and community banks' current resources, and whether there is an alternative approach.

October 25, 2001  
Page 2

ABA has talked to OCC staff about the approximate cost of supervision of the smallest banks (“\$100 million and below” is the grouping the OCC uses). The OCC estimates that even after the increase is factored in, small banks will still pay assessments approximating 50-66% of the actual supervision costs to the OCC. Thus, according to the OCC, large banks will still subsidize the cost of examination and supervision of small banks, but at a reduced level. Because choice of supervisors (that is, state or national charter) is a business decision of the bank and because one of the factors in that decision is, of course, the supervisory costs of the selected supervisor, national banks have the option of evaluating this increase in light of the totality of value they receive from their supervisor. Because national banks have this choice, ABA does not believe it would be appropriate to object to the OCC’s proposal.

However, as the increase is so significant for really small banks, ABA suggests that the OCC revise the proposal to ameliorate the impact of this increase on the smallest banks. ABA recommends that the assessment increase for the smallest banks (\$2 million or less in assets) be phased in over three years. This would have the result of minimal impact on total income to the OCC, yet it would significantly reduce the “rate shock” to the smallest banks.

Sincerely,

A handwritten signature in cursive script that reads "Paul Alan Smith". The signature is written in black ink and is positioned above the typed name.

Paul Smith  
Senior Counsel