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June 23, 2003

Sent via email to regs.comments@occ.treas.gov

Office of the Comptroller of the Currency
250 E Street, SW
Public Information Room, Mailstop 1-5
Washington, DC 20219

Re: OCC Docket No. 03-07; 12 CFR Part 5 - Rules, Policies, and Procedures for Corporate Activities and Part 28 - International Banking Activities; 68 Federal Register 19949; April 23, 2003

Dear Sir or Madam:

As part of its continuing regulatory review, the Office of the Comptroller of the Currency ("OCC") is proposing amendments to its regulations on international banking (Part 28) and to its applications procedures (Part 5) to simplify its regulations. Most of the changes apply only to foreign bank branches but a few apply to foreign branches of national banks. The 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 holding companies, as well as savings associations, trust companies and savings banks - makes ABA the largest banking trade association in the country.

The OCC's proposed changes include (1) streamlining procedures for national banks' foreign operations through branches; (2) eliminating the requirement to file an application with the OCC in certain circumstances when a foreign bank downgrades its U.S. operations; (3) requiring approval, but not a new license, for additional federal branches or agencies opened after the establishment of the initial branch office; (4) clarifying that a foreign bank with Federal branches and agencies in more than one state may consolidate its capital equivalency deposits (CEDs) in one deposit account in a depository bank that satisfies certain criteria; (5) making conforming changes to the procedural provisions in Part 5 of the OCC's regulations, including permitting a Federal branch to make certain non-controlling equity investments on the same terms as national banks; and (6) clarifying that a foreign bank's CEDs may be consolidated partially or totally into one account in a Federal Reserve member bank, which must be located in the foreign bank's home state or state of licensure of the Federal branch or agency.

Our analysis of the proposed changes concludes that most of these changes merely allow federal branches the same treatment as national banks, if they meet equivalent standards. ABA believes that such identical treatment is appropriate, and therefore ABA supports the changes. The changes in treatment of CEDs add flexibility to the foreign bank's handling of its CED without in any way diminishing the safety and soundness standards for federal branches, and therefore ABA supports those changes. In conclusion, the OCC's proposed changes appear to be a carefully considered updating of the existing regulation, focusing on achieving consistent national treatment between federal branches and national banks, and the ABA recommends that the OCC adopt the proposal.

Sincerely,

A handwritten signature in cursive script that reads "Paul A. Smith".

Paul A. Smith
Senior Counsel