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April 26, 2004

Office of the Comptroller of the Currency
250 E Street, SW
Public Information Room, Mailstop 1-5
Washington, DC 20219
Attention: Docket No. 04-08

Re: Proposed Annual Report on Operating Subsidiaries
69 Federal Register 15260, March 25, 2004

Dear Sir or Madam:

The American Bankers Association (“ABA”) is responding to the request of the Office of the Comptroller of the Currency (“OCC”) for comment on its proposed Annual Report on Operating Subsidiaries. The ABA brings together all categories of banking institutions to best represent the interests of this rapidly changing industry. Our 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.

Many national bank operating subsidiaries that deal with consumers use a trade name or brand closely identified with their parent bank. Some do not, however, and consumers may not know where to direct any complaints about their experiences with such an entity. This proposal is intended to provide that information to consumers.

Specifically, the proposal would add a new paragraph (e)(6) to 12 CFR § 5.34 requiring national banks to file an annual report containing information about their operating subsidiaries that are not functionally regulated by other regulators and that do business directly with consumers. Operating subsidiaries covered by the proposed reporting requirement are those that do business directly with consumers, defined to mean providing products or services to individuals to be used primarily for personal, family, or household purposes. OCC will make this information available to the public on its Internet customer service website at www.occ.treas.gov/customer.

The proposal would require national banks to indicate each covered operating subsidiary's lines of business by designating the appropriate code as listed in Appendix B (Federal Reserve Board Activity Codes) to the General Instructions for filing Form FR Y-10, Report of Changes in Organizational Structure. Form FR Y-10 is used regularly by bank holding companies to report information on their investments and contains a useful list of activities that are familiar to most national banks. The information on operating subsidiaries would have to be current as of March 31st of the reporting year with a filing date no later than July 1st of that year.

ABA Position

ABA fully supports OCC's efforts to ensure that consumers are readily able to determine where to direct complaints about national bank operating supports. However, to minimize the reporting burden on national banks, we suggest the following modifications to the proposal.

First, ABA believes that the new report should be based on a national bank's fiscal year, rather than the calendar year. Currently, bank holding companies must file Federal Reserve Board Form FR Y-6 at the end of their fiscal year. Similarly, the exhibit for subsidiaries for the annual report 10-K must be filed with the Securities and Exchange Commission at the end of the company's fiscal year. The new report on operating subsidiaries could most easily be compiled in conjunction with those reports; therefore, to reduce the compliance burden, ABA recommends that the proposal should be revised to require reporting on a fiscal year basis.

Second, to further reduce compliance burden, ABA believes that companies should be provided flexibility to file reports on any number of operating subsidiaries so long as OCC's minimum requirement is met. For example, for a bank with many operating subsidiaries, it may be far simpler to provide information on all operating subsidiaries with *external* customers, rather than only those with customers that are "consumers."

Third, the proposal appears to require that a national bank provide information on all of the business lines of a particular operating subsidiary even though, for example, only one line of business may involve contact with consumers. ABA recommends that the proposal be revised to *require* disclosure only of the lines of business of any given operating subsidiary that involve consumer contacts. Because the goal of the proposal is to provide information to consumers, we believe such a limitation would not diminish any benefits to consumers. However, if it is less burdensome for a national bank to provide all lines of business of any particular subsidiary, that should also be permissible.

Fourth, a national bank should not be required to disclose information concerning any investments that are required to be consolidated into the bank pursuant to FIN 46R.

Finally, OCC has asked whether information on functionally regulated subsidiaries should be provided as part of this report. ABA strongly believes that such information would not further the purpose of the proposal. Complaints or concerns about functionally regulated subsidiaries should be directed to other agencies, not OCC.

If you have any questions on this subject, please do not hesitate to contact me.

Sincerely,

A handwritten signature in cursive script, appearing to read "Cristeena G. Naser".

Cristeena G. Naser