

proposal, however, replaces the current requirement for 30-days' notice with a requirement for 2 months' daily notice in order to conform with the statutory notice requirement that applies to national banks that are voluntarily closing.⁸

15. Procedures for Closing Some U.S. Offices (new § 28.23)

If a foreign bank operates more than one Federal branch or agency in the United States and is closing some but not all of its Federal offices, the proposed rule, at new § 28.23, treats the closing like the closing of a domestic national bank branch. Domestic national banks must satisfy the requirements of 12 U.S.C. 1831r-1 (90 days notice to the OCC and customers). This change would be consistent with the IBA's national treatment standard and safety and soundness.

16. After-the-fact Notice of Change in Control (new § 28.25)

Currently, part 28 is silent on what requirements exist and what filings are required for changes in control in a foreign bank that operates a Federal branch or agency. The OCC's Licensing Manual, however, requires the foreign bank to submit a copy of the change in control notice it files with the FRB to the OCC.

The proposed rule adds a new § 28.24. This new section applies to changes in control in which no other filing is required under part 28 and requires a foreign bank to submit a written notice to the OCC of a change in control of the foreign bank within 14 days after the foreign bank becomes aware of the change. The OCC reserves the right to require additional information. A foreign bank may provide its supervisory office with the copy of a notice submitted to another Federal regulator to satisfy the requirements of this section. *See* 12 CFR 28.3(b).

17. Loan Production Offices (new § 28.26)

Part 28 is also silent on the issue of whether a foreign bank may operate a loan production office (LPO) or other administrative office or regional administrative office as part of its license to operate a Federal branch in the United States. Consistent with the OCC's precedents on this issue and national treatment, the proposed rule specifically states that, like a national bank, a Federal branch may operate an LPO, or an administrative office or a regional administrative office that conducts other types of representational

activities, as part of a branch license. These activities would be subject to the same rights, privileges, requirements, and limitations that apply to LPOs and other administrative offices of national banks. Since national banks may conduct these activities and exercise these functions at non-branch locations as part of the business of banking, a Federal branch may also do so since, as a general rule, it operates with the same rights and duties of a national bank. 12 U.S.C. 3102(b). The OCC believes that these activities and functions are illustrative—and not exhaustive—of the types of non-branch offices that Federal branches may operate.

Request for Comments

The OCC invites comment on all aspects of the proposed regulation.

Solicitation of Comments on Use of Plain Language

Section 722 of the Gramm-Leach-Bliley Act, Pub. L. 106-102, sec. 722, 113 Stat. 1338, 1471 (November 12, 1999), requires the Federal banking agencies to use plain language in all proposed and final rules published after January 1, 2000. We invite your comments on how to make this proposal easier to understand. For example:

- Have we organized the material to suit your needs? If not, how could this material be better organized?
- Are the requirements in the proposed regulation clearly stated? If not, how could the regulation be more clearly stated?
- Does the proposed regulation contain language or jargon that is not clear? If so, which language requires clarification?
- Would a different format (grouping and order of sections, use of headings, paragraphing) make the regulation easier to understand? If so, what changes to the format would make the regulation easier to understand?
- What else could we do to make the regulation easier to understand?

Community Bank Comment Request

In addition, we invite your comments on the impact of this proposal on community banks. The OCC recognizes that community banks operate with more limited resources than larger institutions and may present a different risk profile. Thus, the OCC specifically requests comments on the impact of this proposal on community banks' current resources and available personnel with the requisite expertise, and whether the goals of the proposed regulation could be achieved, for community banks, through an alternative approach.

Regulatory Flexibility Act

Pursuant to section 605(b) of the Regulatory Flexibility Act, 5 U.S.C. 605(b) (RFA), the regulatory flexibility analysis otherwise required under section 604 of the RFA is not required if the agency certifies that the 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** along with its rule.

Pursuant to section 605(b) of the RFA, the OCC hereby certifies that this proposal will not have a significant economic impact on a substantial number of small entities. Specifically the proposed rule will reduce burden by: (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; and (4) clarifying that a foreign bank with Federal branches and agencies in more than one state may consolidate its capital equivalency deposits in one deposit account in a depository bank that satisfies certain criteria. These revisions will result in cost reductions for national banks and for the U.S. operations of Federal branches and agencies of foreign banks. Accordingly, a regulatory flexibility analysis is not needed.

Executive Order 12866

The OCC has determined that this proposal is not a significant regulatory action under Executive Order 12866.

Unfunded Mandates Reform Act of 1995

Section 202 of the Unfunded Mandates Reform Act of 1995, Pub. L. 104-4 (2 U.S.C. 1532) (Unfunded Mandates Act), requires that an agency prepare a budgetary impact statement before promulgating any rule likely to result in a Federal mandate that may result in the expenditure by State, local, and tribal governments, in the aggregate, or by the private sector of \$100 million or more in any one year. If a budgetary impact statement is required, section 205 of the Unfunded Mandates Act also requires an agency to identify and consider a reasonable number of regulatory alternatives before promulgating a rule. The OCC has determined that the proposed rule will not result in expenditures by State, local, and tribal governments, or by the

⁸ 12 U.S.C. 182.