



November, 30, 2006

MEMORANDUM TO: The Board of Directors

FROM: Claude A. Rollin, Esq.
Deputy to the Director (OTS) and
Inter-agency Program Manager (EGRPRA)

SUBJECT: Final Report on the Agencies' Efforts Pursuant
to the Economic Growth and Regulatory
Paperwork Reduction Act ("EGRPRA")

In 1996, Congress enacted the Economic Growth and Regulatory Paperwork Reduction Act ("EGRPRA"). Section 2222 of EGRPRA requires the FFIEC, and each of its member agencies (the "Agencies"), to review their regulations, at least once every ten years, in order to identify any regulatory requirements that are outdated, unnecessary or unduly burdensome. The agencies are required to eliminate any such requirements, to the extent they have authority to do so, or if congressional action is required to eliminate such rules, the agencies must recommend appropriate statutory changes.

In 2003, the FFIEC asked then-FDIC Vice Chairman (now OTS Director) John Reich to head up an inter-agency effort to review all of the Agencies' regulations in an effort reduce regulatory burden, where appropriate, or to recommend statutory changes to reduce burden when the Agencies lack authority to do so unilaterally. Vice Chairman Reich established an inter-agency EGRPRA Task Force, comprised of senior-level representatives from each of the Federal bank, thrift and credit union regulatory agencies, to coordinate the Agencies' efforts.

The inter-agency EGRPRA Task Force first categorized all of the Agencies' regulations (more than 130 regulations in all) into 12 categories, and then, upon the recommendation of the EGRPRA Task Force, the Agencies put one or more categories out for comment every six months. In all, a total of six Federal Register notices were prepared, approved by each of the Agencies, and published on an inter-agency basis, over a three-year period. In response, the Agencies received more than 850 comment letters, which contained hundreds of suggestions to reduce or eliminate regulations that commenters believe are outdated, unnecessary or unduly burdensome.

In order to hear directly from bankers, consumer groups and other interested parties, the Agencies also co-sponsored a total of ten banker outreach sessions, as well as three outreach sessions for consumer and community groups, in cities around the country, to make it easier for everyone to provide direct input into the process. The Agencies then sponsored three joint banker and consumer/community group focus group meetings in an effort to develop a greater consensus among the parties on various legislative proposals to reduce regulatory burden.

In addition, the Agencies established an inter-agency EGRPRA website, at www.egrpra.gov. The website provided an overview of the EGRPRA review process, a description of the Agencies' action plan, information about our banker and consumer outreach sessions and a summary of the top regulatory burden issues cited by bankers and consumer groups. The website also included direct links to the actual text of each regulation and a mechanism for recording and sending comments directly to all of the Agencies.

Principals and other senior-level representatives of the Agencies testified before Congress on numerous occasions over the last three years concerning the need for regulatory burden relief and about specific proposals that the Agencies, individually or collectively, supported to reduce burden on the industry. Staff from all of the agencies also provided technical assistance and other input to the staffs of the Senate Banking Committee and House Financial Services Committee as they were crafting their legislative relief legislation.

On March 9, 2006, the House of Representatives passed H.R. 3505, the Financial Services Regulatory Relief Act of 2005. On May 25, 2006, the Senate passed S. 2856, the Financial Services Regulatory Relief Act of 2006. The two bills were then reconciled and finally adopted by both chambers on or about September 30, 2006. On October 13, 2006, the President signed the Financial Services Regulatory Relief Act of 2006.

The Agencies' staffs are in the process of finalizing a draft report to Congress that will summarize the Agencies' efforts to reduce regulatory burden while maintaining the safety & soundness of the industry, protecting important consumer rights and fulfilling all of our other statutory obligations. When the report is finalized, which we hope will be in the next few weeks, it will be submitted to the FFIEC for approval and submission to Congress.