request, together with any relevant documentary evidence.

(b) *Failure to comply with an OPM directive.* When a party to an appeal fails to comply with an order issued under subsection (a), OPM may, except when prohibited by law:

(1) Draw all inferences in opposition to the noncompliant party with regard to the appeal in question;

(2) Prohibit the noncompliant party from introducing evidence, or additional evidence, concerning the appeal, or otherwise relying on the record; or

(3) Eliminate from consideration any appropriate part of the filings or other submissions of the noncompliant party.

§ 751.107 Requests for reconsideration of an initial decision.

(a) Upon a request from either party to the dispute or upon its own initiative, OPM may, in its sole and exclusive discretion, reopen and reconsider an initial decision issued under this subpart. An employee, the employee's representative, or agency may request reconsideration of an initial decision within 30 calendar days from issuance of the decision. The request for reconsideration must be filed as directed in the initial decision.

(b) Grounds for which OPM may grant a request for reconsideration are:

(1) The initial decision contains erroneous findings of material fact sufficient to warrant an outcome different from that of the initial decision;

(2) The initial decision is based on an erroneous interpretation of statute or regulation or the erroneous application of the law to the facts of the case. The party must explain how the error affected the outcome of the case;

(3) New and material evidence or legal argument is available that, despite the party's due diligence, was not available when the record closed. To constitute new evidence, the information contained in the documents, not just the documents themselves, must have been unavailable despite due diligence when the record closed; or

(4) OPM finds good cause to reconsider an appeal.

(c) In any case that is reopened or reviewed, OPM may:

(1) Issue a reopened and reconsidered decision (''R&R decision'') that affirms, reverses, modifies, vacates, or otherwise decides the case, in whole or in part;

(2) Require the parties to submit argument and evidence;

(3) Take any other action necessary for final disposition of the case; and

(4) Issue an order with a date for compliance with the R&R decision.

(d) There is no further right of administrative appeal from the R&R decision.

§ 751.108 Review by the OPM Director.

The Director may, at his or her discretion, *sua sponte,* reopen and reconsider any appeal in which OPM has issued a decision that has not yet become final.

§ 751.109 Final decision.

(a) The initial decision becomes OPM's final decision if a party does not request OPM to reopen or reconsider the initial decision, or OPM does not do so on its own initiative, within 30 calendar days from the date of the initial decision.

(b) A R&R decision pursuant to § 751.107 becomes OPM's final decision if the OPM Director does not reopen the decision pursuant to § 751.108 within 30 calendar days from the date on which the R&R decision was issued.

(c) A decision by the Director pursuant to § 751.108 is the final decision of OPM and effective upon issuance.

(d) There is no further right of appeal of a final decision of OPM.

(e) OPM shall maintain a publicly accessible website containing all final decisions issued on this part that address a party's claim on the merits. Any final decision not made publicly available shall be made available upon request by a concerned party. For purposes of this subsection, *a concerned party* means the Federal employee or former Federal employee involved in a proceeding under this subpart, his or her representative selected pursuant to § 751.104, or a representative of a Federal agency or office.

PART 752—ADVERSE ACTIONS

■ 9. The authority citation for part 752 is revised to read as follows:

Authority: 5 U.S.C. 6329b, 7504, 7514, 7515, and 7543; 38 U.S.C. 7403. Sec. 512, Pub. L. 114–328, 130 Stat. 2112; E.O. 10577, 19 FR 7521, 3 CFR, 1954–1958 Comp., p. 218; E.O. 14284, 90 FR 17729.

Subpart B—Regulatory Requirements for Suspension for 14 Days or Less

■ 10. Amend § 752.201 by revising paragraphs (b)(1) and (2) to read as follows:

* * * * *

(b) Employees covered. This subpart covers:

(1) An employee in the competitive service who has completed a probationary period, or who has completed 1 year of current continuous employment in the same or similar positions under other than a temporary appointment limited to 1 year or less;

(2) An employee in the competitive service serving in an appointment which requires no probationary period, and who has completed 1 year of current continuous employment in the same or similar positions under other than a temporary appointment limited to 1 year or less;

* * * * *

Subpart D—Regulatory Requirements for Removal, Suspension for More Than 14 Days, Reduction in Grade or Pay, or Furlough for 30 Days or Less

■ 11. Amend § 752.401 by revising paragraphs (c)(1), (c)(2)(i), (d)(10), and (d)(12) to read as follows:

§ 752.401 Coverage.

* * * * *

(c) * * *

(1) A career or career conditional employee in the competitive service who is not serving a probationary period;

(2) * * *

(i) Who is not serving a probationary period under an initial appointment; or

* * * * *

(d) * * *

(10) A nonpreference eligible employee serving a trial period under an initial appointment in the excepted service pending conversion to the competitive service, unless he or she meets the requirements of paragraph (c)(5) of this section;

(11) * * *

(12) An employee in the competitive service serving a probationary period, unless he or she meets the requirements of paragraph (c)(2) of this section.

[FR Doc. 2025–23974 Filed 12–29–25; 8:45 am]

BILLING CODE 6325–39–P

DEPARTMENT OF THE TREASURY

Office of the Comptroller of the Currency

12 CFR Part 30

[Docket ID OCC–2025–0207]

RIN 1557–AF36

OCC Guidelines Establishing Heightened Standards for Certain Large Insured National Banks, Insured Federal Savings Associations, and Insured Federal Branches; Technical Amendments

AGENCY: Office of the Comptroller of the Currency, Treasury.

ACTION: Notice of proposed rulemaking; revised guidelines.

SUMMARY: The Office of the Comptroller of the Currency (OCC) is proposing to amend its guidelines relating to heightened standards for insured national banks, insured Federal savings associations, and insured Federal branches (Guidelines) to increase the average total consolidated assets threshold for applying the Guidelines from $50 billion to $700 billion. In addition, the proposal would clarify certain compliance dates and make other technical amendments.

DATES: Comments must be submitted on or before March 2, 2026.

ADDRESSES: You may submit comments to the OCC by any of the methods set forth below. Commenters are encouraged to submit comments through the Federal eRulemaking Portal. Please use the title ''OCC Guidelines Establishing Heightened Standards for Certain Large Insured National Banks, Insured Federal Savings Associations, and Insured Federal Branches'' to facilitate the organization and distribution of the comments. You may submit comments by any of the following methods:

- *Federal eRulemaking Portal—Regulations.gov:*

Go to *https://regulations.gov/.* Enter Docket ID ''OCC–2025–0207'' in the Search Box and click ''Search.'' Public comments can be submitted via the ''Comment'' box below the displayed document information or by clicking on the document title and then clicking the ''Comment'' box on the top-left side of the screen. For help with submitting effective comments, please click on ''Commenter's Checklist.'' For assistance with the *Regulations.gov* site, please call 1–866–498–2945 (toll free) Monday–Friday, 9 a.m.–5 p.m. EST, or email *regulationshelpdesk@gsa.gov.*

- *Mail:* Chief Counsel's Office, Attention: Comment Processing, Office of the Comptroller of the Currency, 400 7th Street SW, Suite 3E–218, Washington, DC 20219.
- *Hand Delivery/Courier:* 400 7th Street SW, Suite 3E–218, Washington, DC 20219.

Instructions: You must include ''OCC'' as the agency name and Docket ID ''OCC–2025–0207'' in your comment. In general, the OCC will enter all comments received into the docket and publish the comments on the *Regulations.gov* website without change, including any business or personal information provided such as name and address information, email addresses, or phone numbers. Comments received, including attachments and other supporting materials, are part of the public record and subject to public disclosure. Do not include any information in your comment or supporting materials that you consider confidential or inappropriate for public disclosure.

You may review comments and other related materials that pertain to this action by the following method:

- *Viewing Comments Electronically—Regulations.gov:*

Go to *https://regulations.gov/.* Enter Docket ID ''OCC–2025–0207'' in the Search Box and click ''Search.'' Click on the ''Dockets'' tab and then the document's title. After clicking the document's title, click the ''Browse All Comments'' tab. Comments can be viewed and filtered by clicking on the ''Sort By'' drop-down on the right side of the screen or the ''Refine Comments Results'' options on the left side of the screen. Supporting materials can be viewed by clicking on the ''Browse Documents'' tab. Click on the ''Sort By'' drop-down on the right side of the screen or the ''Refine Results'' options on the left side of the screen checking the ''Supporting & Related Material'' checkbox. For assistance with the *Regulations.gov* site, please call 1–866–498–2945 (toll free) Monday–Friday, 9 a.m.–5 p.m. EST, or email *regulationshelpdesk@gsa.gov.*

The docket may be viewed after the close of the comment period in the same manner as during the comment period.

FOR FURTHER INFORMATION CONTACT: Eden Gray, Assistant Director, Martin Chavez, Counsel, Elijah Jenkins, Counsel, Chief Counsel's Office, (202) 649–5490, Office of the Comptroller of the Currency, 400 7th Street SW, Washington, DC 20219. If you are deaf, hard of hearing, or have a speech disability, please dial 7–1–1 to access telecommunications relay services.

SUPPLEMENTARY INFORMATION:

I. Background

The 2008 financial crisis demonstrated the destabilizing effect that large, interconnected financial companies can have on the national economy, capital markets, and the overall financial stability of the banking system. Following the financial crisis, the OCC developed a set of ''heightened expectations'' to enhance the agency's supervision and strengthen the governance and risk management practices of large institutions.[1] In 2010, the OCC began communicating these heightened expectations informally to large banks through the OCC's supervisory function. The OCC formalized these standards in 2014 by adopting the Guidelines [2] pursuant to section 39 of the Federal Deposit Insurance Act.[3] The Guidelines are codified in appendix D to the OCC's safety and soundness standards regulations in 12 CFR part 30. The Guidelines generally establish minimum standards for the design and implementation of an institution's risk governance framework and set forth minimum standards for a board of directors (board) in overseeing the risk governance framework's design and implementation.

The Guidelines apply to ''covered banks.'' The term ''covered bank'' means any insured national bank, insured Federal savings association, or insured Federal branch of a foreign bank with: (i) average total consolidated assets equal to or greater than $50 billion; (ii) average total consolidated assets less than $50 billion if that bank's parent company controls at least one covered bank; and (iii) average total consolidated assets less than $50 billion if the OCC determines such bank's operations are highly complex or otherwise present a heightened risk.[4]

The Guidelines provide that a covered bank should establish and adhere to a formal, written risk governance framework that includes well-defined risk management roles and responsibilities for front line units, independent risk management, and internal audit, commonly referred to as the ''three lines of defense.'' [5] The Guidelines indicate that a covered bank should have a comprehensive written statement that articulates the bank's risk appetite and serves as a basis for the risk governance framework.[6] The Guidelines also address, in part, concentration and front line unit risk limits,[7] processes governing risk limit breaches,[8] risk data aggregation and reporting,[9] talent

[1] For a further account of the heightened expectations program, refer to the notice of proposed rulemaking entitled *OCC Guidelines Establishing Heightened Standards for Certain Large Insured National Banks, Insured Federal Savings Associations, and Insured Federal Branches; Integration of Regulations.* 79 FR 4282, 4283 (Jan. 27, 2014).

[2] 79 FR 54518 (Sept. 11, 2014).

[3] 12 U.S.C. 1831p–1. Section 39 was enacted as part of the Federal Deposit Insurance Corporation Improvement Act of 1991, Public Law 102–242, section 132(a), 105 Stat. 2236, 2267–70 (Dec. 19, 1991). Section 39 authorizes the OCC to prescribe safety and soundness standards in the form of a regulation or guidelines.

[4] *See* 12 CFR part 30, appendix D, I.E.1., 5.

[5] *Id.* at II.A., II.C.

[6] *Id.* at II.E.

[7] *Id.* at II.F.

[8] *Id.* at II.H.

[9] *Id.* at II.J.

management processes,[10] and compensation and performance management programs.[11] Finally, the Guidelines set forth standards for a covered bank's board. These standards provide, in part, that the board should provide active oversight of management,[12] exercise sound, independent judgment,[13] and include at least two independent directors.[14]

The OCC recognizes that the Guidelines, as currently formulated, establish prescriptive standards for banking organizations. For instance, the Guidelines articulate highly specific roles and responsibilities for front line units, independent risk management, and internal audit. These include, for example, provisions that: (i) specify when independent risk management should convey material risks and noncompliance with the risk governance framework to the Chief Executive Officer, the board, or the board's risk committee; [15] (ii) address processes for front line units and independent risk management regarding risk limit breaches, including when and how to inform internal stakeholders and the OCC of such breaches as well as the content of those communications; [16] and (iii) prescribe internal audit documentation and reporting standards and specify the content for those reports.[17] The Guidelines also establish detailed standards for the Chief Executive Officer with respect to the development and content of the strategic plan.[18]

The prescriptiveness of the Guidelines is also apparent in the standards that they establish for the board. For instance, the Guidelines impose certain standards on boards related to ''credible challenge,'' [19] ongoing training programs,[20] and annual self-assessments.[21] The Guidelines further contemplate an expansive administrative role for the board. For example, the Guidelines provide, in part, that the board or a committee thereof should: (i) approve the risk governance framework and any significant changes to that framework; [22] (ii) review and approve the risk appetite statement; [23] and (iii) review and approve a talent management program.[24] There are other laws and regulations that address and incentivize covered banks and their boards to implement and adhere to appropriate corporate governance processes and procedures.[25]

Since the Guidelines were adopted in 2014, the OCC has acquired significant experience regarding the burdens and benefits of the Guidelines on covered banks. Considering the extreme prescriptiveness of the Guidelines and their associated burden on covered banks, the OCC believes that the standards may only be justified for the largest and most complex institutions as their size, complexity, and risk profile pose the greatest risk to financial stability and the banking system. Accordingly, the OCC believes that it is appropriate to increase the average total consolidated assets threshold for applying the Guidelines to covered banks from $50 billion to $700 billion and requests comment on other potential revisions and improvements to the Guidelines in light of their prescriptive and burdensome approach.[26] The proposal would also retain the OCC's reservation of authority to apply the Guidelines, in whole or in part, to an institution below the $700 billion average total consolidated assets threshold if the OCC determines such bank's operations are highly complex or otherwise present a heightened risk as to warrant application of the Guidelines.[27] As explained when the Guidelines were initially adopted, the ''OCC expects to utilize this authority only if a bank's operations are highly complex relative to its risk-management capabilities, and notes that '[t]his is a high threshold that only will be crossed in extraordinary circumstances.' '' [28]

By generally excluding institutions with average total consolidated assets less than $700 billion (Excluded Institutions) from the Guidelines' scope,[29] the proposal would provide Excluded Institutions with the ability to design and implement a risk governance framework that is best suited to their banking organization. For example, the proposal would permit an Excluded Institution to develop a risk governance framework that contains employee roles and responsibilities tailored to their specific firm, lines of business, and idiosyncratic risks. This would also allow Excluded Institutions' employees to spend more time on executing the firm's strategy while simultaneously

[10] *Id.* at II.L.

[11] *Id.* at II.M.

[12] *Id.* at III.B.

[13] *Id.* at III.C.

[14] *Id.* at III.D. As explained in the Guidelines, this provision does not supersede other regulatory requirements regarding the composition of the board that apply to Federal savings associations. *Id.* at III.D. n.6.

[15] *See id.* at II.C.2.(e)–(f), II.G.5.

[16] *See id.* at II.H.

[17] *See id.* at II.C.3.(a) (providing that internal audit should ''[m]aintain a complete and current inventory of all of the covered bank's material processes, product lines, services, and functions, and assess the risks, including emerging risks, associated with each . . . .''). *See also id.* at II.C.3.(c) (providing that internal audit's reports to the audit committee should identify the root cause of any material issues and address other specified matters).

[18] *See id.* at II.D.

[19] *Id.* at III.B. (''In providing active oversight, the board of directors may rely on risk assessments and reports prepared by independent risk management and internal audit to support the board's ability to question, challenge, and when necessary, oppose recommendations and decisions made by management. . . .'').

[20] *Id.* at III.E.

[21] *Id.* at III.F.

[22] *Id.* at II.A., III.A.

[23] *Id.* at II.G.1.

[24] *Id.* at II.L.2.

[25] *See, e.g.,* 12 U.S.C. 24 (setting forth the corporate powers of national banks); 12 U.S.C. 71–76 (addressing director requirements); 12 CFR 5.21–5.22 (addressing Federal savings association charter and bylaws); 12 CFR 7.2000 (addressing national bank corporate governance); 12 CFR 7.2008 (addressing the oath of national bank directors); 12 CFR 7.2010 (addressing national bank directors' responsibilities); 12 CFR part 30, appendix A; 12 CFR 163.33 (addressing board composition requirements for Federal savings associations). *See also* Comptroller of the Currency, Director's Book: Role of Directors for National Banks and Federal Savings Associations (2020). The OCC also understands that bank holding company regulations and guidance address or further incentivize appropriate corporate governance protocols at the holding company. *See* 12 CFR 252.33 (establishing risk management and risk committee corporate governance requirements for bank holding companies subject to enhanced prudential standards); Board of Governors of the Federal Reserve System, Supervisory Guidance on Board of Directors' Effectiveness, SR Letter 21–3 (Feb. 26, 2021). *See also* The Clearing House, Annex A: U.S. Bank Regulatory Related Matters to be Addressed by the Board or Board Committee Pursuant to Statute, Regulation or Agency Guidance (May 2016).

[26] The OCC initially considered increasing the average total consolidated assets threshold to $500 billion. The OCC ultimately determined to propose increasing this threshold to $700 billion to align with the OCC, Federal Deposit Insurance Corporation, and Board of Governors of the Federal Reserve System's recent joint final rule entitled *Regulatory Capital Rule: Modifications to the Enhanced Supplementary Leverage Ratio Standards for U.S. Global Systemically Important Bank Holding Companies and Their Subsidiary Depository Institutions; Total Loss-Absorbing Capacity and Long-Term Debt Requirements for U.S. Global Systemically Important Bank Holding Companies.* 90 FR 55248 (Dec. 1, 2025). This final rule applies, in part, to OCC-supervised national banks and Federal savings associations that are subsidiaries of bank holding companies with at least $700 billion in total consolidated assets or at least $10 trillion in assets under custody.

[27] *See* 12 CFR part 30, appendix D, at I.C.

[28] 79 FR 54518, 54522 (Sept. 11, 2014) (quoting Thomas J. Curry, Comptroller of the Currency, Address at the American Bankers Association Risk Management Forum (Apr. 10, 2014)). In addition, the OCC reiterates that it does not intend to exercise the reservation of authority to apply the Guidelines to community banks. *Id.*

[29] As discussed later in this **SUPPLEMENTARY INFORMATION**, an institution with average total consolidated assets less than $700 billion would continue to be subject to the Guidelines if: (i) its parent company controls at least one covered bank; or (ii) the OCC determines such bank's operations are highly complex or otherwise present a heightened risk. This approach is consistent with the current regulation. *See* 12 CFR part 30, appendix D, at I.E.5.

fulfilling their important risk management and compliance responsibilities. The OCC emphasizes that this proposal would not authorize Excluded Institutions to neglect their risk management or compliance responsibilities, or to operate their firms in an unsafe or unsound manner.[30] Rather, the OCC expects that Excluded Institutions will maintain robust risk governance frameworks, risk management systems, and processes that are tailored to their individual size, complexity, and risk profile.

The OCC also expects that this proposal would facilitate innovation and development in risk management practices by providing Excluded Institutions with the latitude to develop new ways of managing risk that are more efficient and effective. For instance, the OCC supports banking organization efforts to use new technologies and techniques in a safe and sound manner to identify and manage risks. These innovative technologies and techniques may be used, for example, to identify suspicious or anomalous transactions, facilitate textual analysis of consumer complaint data, or enhance cybersecurity by detecting malicious activity, identifying compromised systems, and supporting threat mitigation. Excluded Institutions' innovations in risk management have the potential to improve the effectiveness and efficiency of their risk management efforts, improve employee performance, and reduce the cost of regulatory compliance, thereby providing banking organizations with the ability to further optimize their cost structure. This would allow Excluded Institutions to invest their financial resources in other endeavors such as product and service development, upgrades to information technology systems and infrastructure, and customer service improvements.

Similarly, the proposal would enhance the effectiveness of Excluded Institutions' boards by allowing them to refocus on executing their core responsibilities. A board's core responsibilities include, but are not limited to, overseeing the execution of the firm's strategy, understanding and overseeing the firm's material risk exposures, and exercising effective oversight of senior management. Rather than expending effort to satisfy the Guidelines' prescriptive standards, the proposal would provide Excluded Institutions' boards with more time to fulfill their core responsibilities which, when executed effectively, promotes their firms' safety and soundness.

Consistent with the OCC's risk-based supervision approach,[31] this proposal would also enable the OCC to enhance the efficiency of its operations in at least two ways. First, it would allow the OCC to reallocate supervisory resources from Excluded Institutions to larger, more complex institutions that pose comparatively greater risk to the banking system. Second, consistent with the OCC's recent joint notice of proposed rulemaking entitled ''Unsafe or Unsound Practices, Matters Requiring Attention,'' [32] this proposal would enable examiners for Excluded Institutions to shift their supervisory efforts away from examining operational processes and refocus on material financial risks that could affect the safety and soundness of the institutions they supervise.[33]

The OCC believes that it is critical that examiners and institutions prioritize material financial risks over concerns related to policies, process, documentation, and other nonfinancial risks. This proposal reflects the OCC's judgment and experience that its supervisory resources are best focused on practices that are likely to materially harm an institution's financial condition, such as risks that are more likely than other risks to lead to material financial losses, bank failures, and instability in the banking system. This means that, for Excluded Institutions, the OCC will no longer focus on assessing a firm's internal policies, processes, or governance practices relative to prescriptive standards. Rather, the OCC expects Excluded Institutions to establish and maintain internal policies, processes, or governance practices that are best suited to their firm and consistent with safety and soundness.[34] While the OCC may continue to provide guidance to Excluded Institutions on best practices during the normal course of supervision, this proposal makes clear that the Guidelines and associated supervisory efforts may only be justified for the largest and most complex institutions that pose the greatest risk to financial stability and the banking system. Accordingly, the OCC believes that it is no longer appropriate to apply the prescriptive standards in the Guidelines to Excluded Institutions and therefore proposes an increase to the $50 billion average total consolidated assets threshold as set forth below.

II. Proposed Changes

Threshold. For the reasons described above, the OCC proposes to increase from $50 billion to $700 billion the average total consolidated assets threshold at which the Guidelines apply to covered banks. Specifically, this proposal would amend the Guidelines' definition of ''covered bank'' such that the term would mean any insured national bank, insured Federal savings association, or insured Federal branch of a foreign bank: (i) with average total consolidated assets equal to or greater than $700 billion; (ii) with average total consolidated assets less than $700 billion if that bank's parent company controls at least one covered bank; or (iii) with average total consolidated assets less than $700 billion if the OCC determines such bank's operations are highly complex or otherwise present a heightened risk.[35] This change would reduce the number of covered banks to which the Guidelines apply from 38 institutions to eight institutions, based on the most recent data available.[36] Conforming changes would also be made to other provisions in the Guidelines to replace references to the $50 billion threshold with the proposed $700 billion threshold.[37]

[30] In particular, the OCC notes that this proposal does not modify or affect the applicability of the safety and soundness standards set forth in appendix A to 12 CFR part 30.

[31] *See* ''Bank Supervision Process'' booklet of the *Comptroller's Handbook*, 30 (Sept. 2019) (''In carrying out its mission, the OCC employs an ongoing risk-based supervision approach focused on evaluating risk, identifying material and emerging concerns, and requiring banks to take timely corrective action before deficiencies compromise their safety and soundness. . . . The risk-based supervision approach concentrates on systemic risks and banks that pose the greatest risk to the federal banking system.'').

[32] 90 FR 48835 (Oct. 30, 2025).

[33] *See, e.g.,* A Failure of Supervision: Bank Failures and the San Francisco Federal Reserve: Hearing Before the Subcomm. on Health Care and Financial Services of the H. Comm. on Oversight and Accountability, 118th Cong. (2023) (Statement of Jeremy R. Newell) (''[M]odern bank supervision has forcefully embraced an approach that is overwhelmingly focused on examining *processes*—that is, risk management processes, governance structures, compliance programs and policies and procedures—and not the *actual underlying financial condition and risks* those processes ostensibly support.'') (emphasis in original).

[34] While this proposal would provide an Excluded Institution with the ability to design and implement a risk governance framework tailored to its operations, the OCC notes that an Excluded Institution could continue to reference and benefit from the standards set forth in the Guidelines as appropriate.

[35] With respect to insured Federal branches of foreign banks, the OCC reiterates that it would apply the Guidelines in a flexible manner to such institutions. *See* 79 FR 54518, 54523 (Sept. 11, 2014).

[36] A subset of these covered banks are not the lead covered bank within their respective banking organizations. If the OCC combines a lead covered bank with its non-lead covered bank affiliate(s), the total number of banking organizations subject to the Guidelines would decrease from 31 to five.

[37] *See, e.g.*, 12 CFR part 30, appendix D, I.A.

By further distinguishing applicable risk governance standards based on size, complexity, and risk profile, this proposal appropriately recognizes the fact that banks with average total consolidated assets equal to or greater than $50 billion differ in the degree of risk they present. Under the proposal, the Guidelines' enhanced risk governance standards would continue to apply to the largest, most complex banking organizations that present the greatest risk to financial stability and the banking system. The proposal would no longer include Excluded Institutions within the Guidelines' scope and would provide them with the ability to design and implement a risk governance framework that is consistent with safety and soundness and tailored to their individual operations. In addition, this proposed change would reduce regulatory burden and enable the OCC to optimize the deployment of its supervisory resources. As set forth below, the OCC requests comment on other potential revisions and improvements to the Guidelines given their prescriptive and burdensome approach.

Compliance Date. This proposal generally makes five changes to the Guidelines' compliance date provisions. First, this proposal clarifies that a covered bank with average total consolidated assets equal to or greater than $700 billion as of the effective date should continue to be in compliance with the Guidelines on the effective date. Second, this proposal clarifies that a covered bank with average total consolidated assets less than $700 billion that is a covered bank because its parent company controls at least one other covered bank as of or subsequent to the effective date should be in compliance with the Guidelines on the same date as the other covered bank. Third, the proposal provides that a covered bank that becomes subject to the Guidelines after the effective date because its average total consolidated assets subsequently equal or exceed $700 billion should comply with the Guidelines within eighteen months, consistent with the current Guidelines. Fourth, the proposal clarifies that a banking organization with average total consolidated assets equal to or greater than $50 billion but less than $700 billion as of the effective date is not a covered bank, provided it does not meet the definition of a covered bank, and is no longer required to comply with the Guidelines on the effective date. Finally, the OCC proposes removing outdated compliance dates that have already passed and/or are no longer applicable by virtue of this proposal.

The OCC also proposes certain technical amendments to the Guidelines.

III. Request for Comment

The OCC invites comment on all aspects of the proposed revisions to the Guidelines and the following specific questions:

Question 1. In what ways could the OCC improve the Guidelines? In particular, are there amendments the OCC should consider making to the Guidelines to enhance the safety and soundness of institutions that would continue to be "covered banks" under the proposal?

Question 2. Rather than exempting Excluded Institutions from the Guidelines, are there aspects of the Guidelines that should continue to apply to these banking organizations? If so, what standards or provisions in the Guidelines should continue to apply to these banking organizations and why?

Question 3. If there are aspects of the Guidelines that should continue to apply to Excluded Institutions, should the OCC tailor the standards applicable to these banking organizations based on size? If so: (i) what minimum standards or provisions in the Guidelines should apply to smaller Excluded Institutions and why; and (ii) what standards or provisions in the Guidelines, in addition to those standards or provisions applicable to smaller Excluded Institutions, should apply to larger Excluded Institutions and why? For example, should: (i) smaller Excluded Institutions be subject to standards addressing the strategic plan; risk appetite statement; talent management processes; and compensation and performance management programs; and (ii) larger Excluded Institutions be subject to those standards identified in (i) plus standards addressing concentration and front line unit risk limits; risk appetite review, monitoring, and communication processes; concentration risk management; and the relationship of the risk appetite statement, concentration risk limits, and front line unit risk limits to other processes?

Question 4. For those institutions that would continue to be "covered banks" under the proposal, are there aspects of the Guidelines that should be removed or revised to reduce regulatory burden? If so, what standards or provisions in the Guidelines should be removed or revised and why?

Question 5. Should the OCC rescind the Guidelines? If so, why, and, if not, why not? If the Guidelines should be rescinded, should they be reissued as supervisory guidance? If so, why, and, if not, why not? Alternatively, should the OCC maintain the Guidelines for "covered banks" and issue principles-based supervisory guidance for Excluded Institutions? If so, why, and, if not, why not?

Question 6. In what ways could the OCC improve the transparency of its implementation of the Guidelines? What specific steps would institutions that would continue to be "covered banks" under the proposal find helpful to make compliance with the Guidelines more efficient?

Question 7. Are there specific standards or provisions in the Guidelines that duplicate requirements set forth in the Board of Governors of the Federal Reserve System's (FRB) Enhanced Prudential Standards codified at Regulation YY (12 CFR 252.1 *et seq.*)? If so, should the OCC remove or adjust those duplicative standards or provisions and why?

Question 8. If the OCC's proposed amendments to the Guidelines are finalized as proposed, how would the FRB's Enhanced Prudential Standards continue to affect "covered banks," if at all?

Question 9. Should the OCC increase the Guidelines' average total consolidated assets threshold to $700 billion? If so, why, and, if not, why not?

Question 10. Should the OCC consider establishing the Guidelines' average total consolidated assets threshold at an amount different than $700 billion? If so, what amount of average total consolidated assets would be appropriate and why? For example, should the OCC increase the Guidelines' average total consolidated assets threshold to $500 billion instead of $700 billion?

Question 11. Should the Guidelines provide that the average total consolidated assets threshold will be adjusted to reflect inflation, growth in gross domestic product, or some other metric? If so, what metric is appropriate and how frequently should the average total consolidated assets threshold be adjusted based on that metric? If not, why not?

Question 12. Should the OCC consider a banking organization's average total consolidated assets and any additional factors for purposes of defining the term "covered bank"? If so, what additional factors should the OCC consider and why? For example, should the OCC define the term "covered bank," in part, to mean any bank: (i) with average total consolidated assets equal to or greater than $700 billion; and (ii) that is either not "well capitalized'' or not ''well managed,'' as those terms are defined in 12 CFR 5.3?

Alternatively, should the OCC provide a conditional exclusion from the Guidelines for a ''covered bank'' that applies as long as the bank remains ''well capitalized'' and ''well managed,'' as those terms are defined in 12 CFR 5.3? If so, why, and, if not, why not?

Question 13. The Guidelines provide, in part, that a ''covered bank'' may use its parent company's risk governance framework if the risk profiles of the parent company and the covered bank are substantially the same. The Guidelines explain that a parent company's and covered bank's risk profiles are substantially the same if the covered bank's average total consolidated assets represent 95 percent or more of the parent company's average total consolidated assets. Should the OCC increase, decrease, maintain, or remove this 95 percent threshold? If the OCC should remove this threshold, what criteria should the OCC consider in determining whether a covered bank may use its parent company's risk governance framework and why?

Question 14. In what ways could the OCC clarify the roles and responsibilities established for front line units, independent risk management, and internal audit? For example, should the OCC provide covered banks with greater flexibility in designating the roles and responsibilities that should be performed by each organizational unit? If so, why, and, if not, why not?

Question 15. Should the OCC remove or adjust any roles and responsibilities for front line units, independent risk management, or internal audit? If so, what roles and responsibilities should be removed or adjusted for these organizational units and why? If not, why not?

Question 16. Are the Guidelines' definitions of ''front line unit,'' ''independent risk management,'' and ''internal audit'' appropriate or should they be further refined? If these definitions should be further refined, what amendments should the OCC make and why?

Question 17. The Guidelines provide that the term ''front line unit'' does not ordinarily include an organizational unit or function thereof within a covered bank that provides legal services to the covered bank. Should the OCC revise this provision to clarify that the term ''front line unit'' excludes an organizational unit or function thereof within a covered bank that provides legal services to the covered bank? If so, why, and, if not, why not?

Question 18. Are there other organizational units that should be expressly excluded from the ''front line unit'' definition? If so, what organizational units should be excluded and why? If not, why not?

Question 19. How are front line units, independent risk management, and internal audit using innovative technologies or techniques to satisfy their responsibilities under the Guidelines? Should the OCC revise the Guidelines to take into account these organizational units' use of innovative technologies or techniques to perform their responsibilities under the Guidelines? If so, what changes should the OCC make to the Guidelines and why? If not, why not?

Question 20. Should the OCC revise the standard providing that independent risk management should review and update the risk governance framework at least annually, and as often as needed to address improvements in industry risk management practices? If so, why, and, if not, why not? Similarly, should the OCC revise the standard providing that the risk governance framework should be independently assessed on an annual basis? If so, why, and, if not, why not?

Question 21. The Guidelines provide that a covered bank should have a comprehensive written risk appetite statement that includes both qualitative components and quantitative limits. Should the OCC revise the provisions addressing the risk appetite statement? If so, what adjustments should be made and why? If not, why not?

Question 22. Should the OCC revise the provisions related to strategic planning? If so, what adjustments should be made and why? If not, why not? For example, should the OCC revise the standard providing that the strategic plan cover a three-year period?

Question 23. Do the compensation and performance management provisions in paragraph II.M. of the Guidelines duplicate other statutory or regulatory requirements, such as the compensation provisions in appendix A to 12 CFR part 30? If so, should the OCC remove or adjust paragraph II.M. of the Guidelines and why? If not, why not?

Question 24. In various provisions, the Guidelines generally refer to applicable policies, procedures, and/or processes. Should the OCC revise the Guidelines to focus on applicable policies, and remove references to procedures and processes? If so, why, and, if not, why not?

Question 25. In what ways could the OCC improve the Guidelines with respect to the standards established for boards of directors in section III of the Guidelines? Are there board standards currently contained in the Guidelines that should be removed or adjusted? If so, what standards should be removed or adjusted and why? For example, should the OCC remove or further refine paragraph III.B. of the Guidelines, addressing ''credible challenge,'' or paragraph III.C. of the Guidelines, providing that each member of the board should exercise sound, independent judgment? If so, why, and, if not, why not?

Question 26. Paragraph III.B. of the Guidelines provides, in part, that the board may rely on risk assessments and reports prepared by independent risk management and internal audit to support the board's ability to question, challenge, and when necessary, oppose recommendations and decisions made by management that could cause the covered bank's risk profile to exceed its risk appetite or jeopardize the safety and soundness of the covered bank. Should the OCC revise this paragraph to clarify that the board may rely on risk assessments and reports prepared by front line units, in addition to independent risk management and internal audit? If so, why, and, if not, why not?

Question 27. The Guidelines provide that at least two members of the board should be independent directors. Should the OCC increase or decrease the number of independent directors set forth in the Guidelines, maintain the current standard, or remove this standard? Alternatively, should the Guidelines provide that a certain percentage of the board, for example 25 percent, consist of independent directors? If so, what percentage would be appropriate and why? If not, why not?

Question 28. If the chairperson of a covered bank's board is a non-independent director, should the Guidelines provide that the independent directors designate, among themselves, a lead independent director? If so, why and what roles and responsibilities should the lead independent director have under the Guidelines? If not, why not?

Question 29. Aside from the Guidelines' standards for boards of directors set forth in section III of the Guidelines, are there other responsibilities placed upon the board or board committees in the Guidelines that should be removed or adjusted? If so, what responsibilities should be removed or adjusted and why? For example, rather than providing that the full board should evaluate and approve the strategic plan, should the OCC revise paragraph II.D. of the Guidelines to provide that the board or a committee thereof should perform this responsibility? Similarly, should the Guidelines continue to provide that evaluation and approval of the strategic plan occur on an annual basis? If so, why, and, if not, why not?

Question 30. Paragraph II.L.2. of the Guidelines provides, in part, that the board or a committee thereof should review and approve a talent management program that provides for succession planning regarding the Chief Executive Officer, Chief Audit Executive, and one or more Chief Risk Executives, their direct reports, and other potential successors. Should the OCC revise this paragraph to provide that the board or a committee thereof should review and approve a talent management program that provides for succession planning only for the Chief Executive Officer, Chief Audit Executive, and one or more Chief Risk Executives? If so, why, and, if not, why not?

Question 31. Paragraph II.J.2. of the Guidelines provides, in part, that a covered bank's policies, procedures, and processes should provide for the reporting of material risks, concentrations, and emerging risks in a timely manner to the board. Should the OCC revise this paragraph to provide that the reporting of material risks, concentrations, and emerging risks may be made to the board or the board's risk committee? If so, why, and, if not, why not?

Question 32. Are there responsibilities placed upon the Chief Executive Officer (CEO) in the Guidelines that should be removed or adjusted? If so, what responsibilities should be removed or adjusted and why?

IV. Administrative Law Matters

Paperwork Reduction Act

Under the Paperwork Reduction Act of 1995 (PRA),[38] the OCC may not conduct or sponsor, and a respondent is not required to respond to, an information collection unless it displays a currently valid Office of Management and Budget (OMB) control number. This notice of proposed rulemaking includes changes to an approved collection of information pursuant to the provisions of the PRA. The OCC submitted the information collections contained in this notice of proposed rulemaking to OMB for review and approval, under section 3507(d) of the PRA and section 1320.11 of OMB's implementing regulations (5 CFR part 1320).

The Guidelines contain recordkeeping requirements previously approved by OMB, which are found in 12 CFR part 30, appendix D. Appendix D establishes minimum standards for the design and implementation of a risk governance framework and minimum standards for a board in providing oversight of the framework's design and implementation. Appendix D also addresses, in part, the responsibilities of front line units, independent risk management, and internal audit, as well as banks' strategic plan, risk appetite statement, concentration and front line unit risk limits, risk limit breaches, risk data aggregation and reporting, talent management processes, and compensation and performance management programs. Standards for the board include training and annual self-assessments.

Under the proposal, the threshold for applying the Guidelines to a bank would be increased from $50 billion to $700 billion in average total consolidated assets. The proposal would implement this change by modifying the Guidelines' definition of ''covered bank.'' Under this revised definition, the term ''covered bank'' would mean any insured national bank, insured Federal savings association, or insured Federal branch of a foreign bank: (i) with average total consolidated assets equal to or greater than $700 billion; (ii) with average total consolidated assets less than $700 billion if that bank's parent company controls at least one covered bank; or (iii) with average total consolidated assets less than $700 billion if the OCC determines such bank's operations are highly complex or otherwise present a heightened risk. The proposed revisions would revise the number of respondents required to comply with the Guidelines' recordkeeping requirements.

The following revised information collection was submitted to OMB for review.

Title: OCC Guidelines Establishing Heightened Standards for Certain Large Insured National Banks, Insured Federal Savings Associations, and Insured Federal Branches; Technical Amendments.

OMB Control No.: 1557–0321.

Affected Public: Businesses or other for-profit organizations.

Estimated Burden:

Frequency of Response: On occasion.

Total Number of Respondents: 8.

Total Burden per Respondent: 3,776 hours.

Total Burden for Collection: 30,208 hours.

Comments are invited on:

(a) Whether the collection of information is necessary for the proper performance of the functions of the OCC, including whether the information has practical utility;

(b) The accuracy of the OCC's estimate of the burden of the collection of information;

(c) Ways to enhance the quality, utility, and clarity of the information to be collected;

(d) Ways to minimize the burden of the collection on respondents, including through the use of automated collection techniques or other forms of information technology; and

(e) Estimates of capital or start-up costs and costs of operation, maintenance, and purchase of services to provide information.

Regulatory Flexibility Act

The Regulatory Flexibility Act (RFA)[39] requires an agency, in connection with a proposed rule, to prepare an Initial Regulatory Flexibility Analysis describing the impact of the rule on small entities (defined by the U.S. Small Business Administration (SBA) for purposes of the RFA to include commercial banks and savings institutions with total assets of $850 million or less and trust companies with total assets of $47 million or less). However, under section 605(b) of the RFA, this analysis is not required if an agency certifies that the proposed rule would 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 proposed rule.

For these reasons, the OCC certifies that this regulation, if adopted, will not have a significant economic impact on a substantial number of small entities. Accordingly, an initial Regulatory Flexibility Analysis is not required. The OCC currently supervises 609 small entities based on the SBA's definition of small entities for RFA purposes. As discussed in the **SUPPLEMENTARY INFORMATION** above, the Guidelines currently apply to any insured national bank, insured Federal savings association, or insured Federal branch of a foreign bank: (i) with average total consolidated assets equal to or greater than $50 billion; (ii) with average total consolidated assets less than $50 billion if that bank's parent company controls at least one covered bank; or (iii) with average total consolidated assets less than $50 billion if the OCC determines such bank's operations are highly complex or otherwise present a heightened risk. This proposal would increase the average total consolidated assets threshold to $700 billion and,

[38] 44 U.S.C. 3501–3521.

[39] 5 U.S.C. 601 *et seq.*

therefore, will not affect any small entities using the SBA's definition of small entities for RFA purposes.

Unfunded Mandates Reform Act

The OCC has analyzed the proposed rule under the factors in the Unfunded Mandates Reform Act of 1995 (UMRA).[40] Under this analysis, the OCC considered whether the proposed rule includes 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 ($187 million as adjusted annually for inflation). Pursuant to section 202 of the UMRA,[41] if a proposed rule meets this UMRA threshold the OCC would need to prepare a written statement that includes, among other things, a cost-benefit analysis of the proposal.

The OCC estimates that this proposal would not require additional expenditures from OCC-regulated institutions. As discussed in the **SUPPLEMENTARY INFORMATION** above, this proposal would likely result in a decrease in banking organization expenditures because it would remove compliance mandates for institutions excluded from the Guidelines' scope, thereby resulting in cost savings. Therefore, the OCC finds that the proposed rule does not trigger the UMRA cost threshold. Accordingly, the OCC has not prepared the written statement described in section 202 of the UMRA.

Riegle Community Development and Regulatory Improvement Act of 1994

Pursuant to section 302(a) of the Riegle Community Development and Regulatory Improvement Act of 1994,[42] in determining the effective date and administrative compliance requirements for new regulations that impose additional reporting, disclosure, or other requirements on insured depository institutions, the OCC must consider, consistent with the principles of safety and soundness and the public interest: (i) any administrative burdens that the proposed rule would place on depository institutions, including small depository institutions, and customers of depository institutions; and (ii) the benefits of the proposed rule. This rulemaking would not impose additional reporting, disclosure, or other requirements on insured depository institutions. Therefore, section 302(a) of the Riegle Community Development and Regulatory Improvement Act of 1994 does not apply to this rulemaking.

Providing Accountability Through Transparency Act of 2023

The Providing Accountability Through Transparency Act of 2023[43] requires that a notice of proposed rulemaking include the internet address of a summary of not more than 100 words in length of a proposed rule, in plain language, that shall be posted on the internet website *www.regulations.gov*.

The OCC is proposing to amend its Guidelines relating to heightened standards for insured national banks, insured Federal savings associations, and insured Federal branches to increase the average total consolidated assets threshold for applying the Guidelines from $50 billion to $700 billion. In addition, the proposal would clarify certain compliance dates and make other technical amendments.

The proposal and the required summary can be found at *https://www.regulations.gov* by searching for Docket ID OCC–2025–0207 and *https://occ.gov/topics/laws-and-regulations/occ-regulations/proposed-issuances/index-proposed-issuances.html*.

Executive Order 12866 (as Amended)

Executive Order 12866, entitled ''Regulatory Planning and Review,'' as amended, requires the Office of Information and Regulatory Affairs (OIRA), Office of Management and Budget to determine whether a proposed rule is a ''significant regulatory action'' prior to the disclosure of the proposed rule to the public. If OIRA finds the proposed rule to be a ''significant regulatory action,'' Executive Order 12866 requires the OCC to conduct a cost-benefit analysis of the proposed rule and for OIRA to conduct a review of the proposed rule prior to publication in the **Federal Register**. Executive Order 12866 defines ''significant regulatory action'' to mean a regulatory action that is likely to (1) have an annual effect on the economy of $100 million or more or adversely affect in a material way the economy, a sector of the economy, productivity, competition, jobs, the environment, public health or safety, or State, local, or tribal governments or communities; (2) create a serious inconsistency or otherwise interfere with an action taken or planned by another agency; (3) materially alter the budgetary impact of entitlements, grants, user fees, or loan programs or the rights and obligations of recipients thereof; or (4) raise novel legal or policy issues arising out of legal mandates, the President's priorities, or the principles set forth in Executive Order 12866.

OIRA has determined that this proposed rule is an economically significant regulatory action under section 3(f)(1) of Executive Order 12866 and, therefore, was subject to review under Executive Order 12866. The OCC's analysis conducted in connection with Executive Order 12866 is available at *www.regulations.gov* and summarized herein.

This proposed rule would apply to any insured national bank, insured Federal savings association, or insured Federal branch of a foreign bank: (i) with average total consolidated assets equal to or greater than $700 billion; (ii) with average total consolidated assets less than $700 billion if that bank's parent company controls at least one covered bank; or (iii) with average total consolidated assets less than $700 billion if the OCC determines such bank's operations are highly complex or otherwise present a heightened risk.[44] The OCC's analysis under Executive Order 12866 assesses the cost savings that would result if the total number of banking organizations subject to the Guidelines were to decrease from 31 to five.[45]

The most probable cost savings for Excluded Institutions may result from staffing reductions that reduce duplicative roles and responsibilities. For example, Excluded Institutions may consider streamlining their staffs' roles and responsibilities as they may have established redundant risk management processes across lines of defense. While Excluded Institutions' efforts to seek greater operational efficiencies may result in staff reductions, the OCC notes that this outcome likely depends on idiosyncratic, institution-specific characteristics. For example, some Excluded Institutions, such as those

[40] 2 U.S.C. 1531 *et seq.*

[41] 2 U.S.C. 1532.

[42] 12 U.S.C. 4802(a).

[43] 5 U.S.C. 553(b)(4).

[44] As previously noted, the proposed $700 billion threshold is intended to align with the OCC, Federal Deposit Insurance Corporation, and FRB's recent joint final rule addressing the enhanced supplementary leverage ratio. *See supra* note 26.

[45] As previously discussed, the proposal would reduce the number of ''covered banks'' to which the Guidelines apply from 38 institutions to eight institutions, based on the most recent data available. A subset of covered banks are not the lead covered bank within their respective banking organizations. If the OCC combines a lead covered bank with its non-lead covered bank affiliate(s), the total number of banking organizations subject to the Guidelines would decrease from 31 to five. The OCC's analysis under Executive Order 12866 assesses the cost savings that would result based on the number of banking organizations subject to the Guidelines decreasing from 31 to five because that approach is more conservative and reflects the fact that a non-lead covered bank may utilize aspects of its lead covered bank's risk governance framework.

closer to the proposed $700 billion average total consolidated assets threshold, may not make any changes to their staffing levels. Accordingly, the OCC's analysis indicates a lower and upper bound of potential cost savings associated with staffing reductions of approximately $0 (assuming Excluded Institutions make no staffing changes) and $220 million (assuming all Excluded Institutions reduce staff by 20 percent), respectively.

In addition to potential staff reductions, Excluded Institutions may also experience time savings benefits associated with personnel that no longer devote time to complying with the Guidelines. The OCC estimates annual time savings of approximately 3,776 hours per Excluded Institution.[46] This would result in 2025 inflation-adjusted cost savings of $494,656 per Excluded Institution,[47] or approximately $12.8 million across all Excluded Institutions.

There may also be indirect savings and indirect costs associated with the proposal. With respect to indirect savings, increasing the average total consolidated assets threshold as proposed may, on the margin, affect institutions' strategic asset size decisions. However, any cost savings associated with this potential development may be minimal and the net impact is uncertain. With respect to indirect costs, increasing the average total consolidated assets threshold could lead Excluded Institutions to devote fewer resources to maintaining adequate risk governance and risk management practices. However, this risk should be low because the proposal does not modify the OCC's supervisory oversight or standards [48] nor does it suggest that Excluded Institutions would change their risk appetite, asset allocation, or asset growth decisions. In addition, as previously discussed in this **SUPPLEMENTARY INFORMATION**, the OCC emphasizes that this proposal would not authorize Excluded Institutions to neglect their risk management or compliance responsibilities, or to operate their firms in an unsafe or unsound manner. Rather, the OCC expects that Excluded Institutions will maintain robust risk governance frameworks, risk management systems, and processes that are tailored to their individual size, complexity, and risk profile. Therefore, the OCC does not expect that the proposal would adversely impact the adequacy and comprehensiveness of Excluded Institutions' risk governance and risk management practices.

The OCC's analysis indicates a lower and upper bound of aggregate potential cost savings from expected staff reductions and time savings of approximately $13 million and $233 million, respectively. The OCC estimated a range of potential outcomes based on different approaches and operational and strategic decisions by institutions. For example, the OCC's analysis indicates aggregate cost savings from both expected staff reductions and time savings ranging from $54 million to $123 million, using an assumption of a 10 percent staff reduction. The OCC preliminarily concludes that the most plausible outcome is a 10 percent staff reduction with the assumption that the three largest banks not subject to the Guidelines would not change their behavior. In this scenario, the potential cost savings from both expected staff reductions and time savings would amount to approximately $67 million.

There are no explicit mandates in the proposal for OCC-supervised institutions. Excluded Institutions' operational and strategic decisions will ultimately determine the impact of the proposal over the long term.

Executive Order 14192

Executive Order 14192, entitled ''Unleashing Prosperity Through Deregulation,'' requires that an agency, unless prohibited by law, identify at least ten existing regulations to be repealed when the agency publicly proposes for notice and comment or otherwise promulgates a new regulation with total costs greater than zero. Executive Order 14192 further requires that new incremental costs associated with new regulations shall, to the extent permitted by law, be offset by the elimination of existing costs associated with at least ten prior regulations. The OCC expects the proposed rule as finalized will be a deregulatory action under Executive Order 14192 because, as explained elsewhere, the final rule should have total costs less than zero.

List of Subjects in 12 CFR Part 30

Banks, Banking, Consumer protection, National banks, Privacy, Reporting and recordkeeping requirements, Safety and soundness.

Authority and Issuance

For the reasons set forth in the preamble, and under the authority of 12 U.S.C. 93a, chapter I of title 12 of the Code of Federal Regulations is proposed to be amended as follows:

PART 30—SAFETY AND SOUNDNESS STANDARDS

■ 1. The authority citation for part 30 continues to read as follows:

Authority: 12 U.S.C. 1, 93a, 371, 1462a, 1463, 1464, 1467a, 1818, 1828, 1831p–1, 1881–1884, 3102(b) and 5412(b)(2)(B); 15 U.S.C. 1681s, 1681w, 6801, and 6805(b)(1).

■ 2. Amend appendix D by:
■ a. Removing the phrase ''$50 billion'' wherever it appears and adding in its place the phrase ''$700 billion'';
■ b. Revising section I.B.1.;
■ c. Adding section I.B.2., section I.B.3., and section I.B.4.;
■ d. Removing '';'' and adding ''.'' after ''Guidelines'' in section I.C.1.; and
■ e. Removing ''; or'' and adding ''.'' after ''Guidelines'' in section I.C.2.

The revision and additions read as follows:

Appendix D to Part 30—OCC Guidelines Establishing Heightened Standards for Certain Large Insured National Banks, Insured Federal Savings Associations, and Insured Federal Branches

* * * * *

I. Introduction

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B. Compliance Date

1. A covered bank with average total consolidated assets, as calculated according to paragraph I.A. of these Guidelines, equal to or greater than $700 billion as of [EFFECTIVE DATE] should be in compliance with these Guidelines on [EFFECTIVE DATE].

2. A covered bank with average total consolidated assets, as calculated according to paragraph I.A. of these Guidelines, less than $700 billion that is a covered bank because that bank's parent company controls at least one other covered bank as of or subsequent to [EFFECTIVE DATE] should be in compliance with these Guidelines on the date that such other covered bank should comply.

3. A covered bank that does not come within the scope of these Guidelines on [EFFECTIVE DATE], but subsequently becomes subject to the Guidelines because average total consolidated assets, as calculated according to paragraph I.A. of

[46] The estimated annual time savings of 3,776 hours is based on the OCC's analysis when the Guidelines were adopted in 2014.

[47] To estimate hourly wages, the OCC reviewed data from May 2024 for wages (by industry and occupation) from the U.S. Bureau of Labor Statistics (BLS) for depository credit intermediation (NAICS 522100). To estimate compensation costs associated with the Guidelines, the OCC uses $131 per hour, which is based on the average of the 90th percentile for the occupations reported annually by the BLS plus an additional 38 percent to cover inflation (equal to 3.6% in the first quarter of 2025) and private sector benefits. According to the BLS's employer costs of employee benefits data, 36 percent represents the average private sector costs of employee benefits. While vastly below the hourly wage of a chief executive officer or a director of an institution subject to the proposed rule, the OCC uses the $131 hourly wage for all hours under the assumption that subordinate employees will perform much of the preparatory work.

[48] *See supra* note 25.

these Guidelines, are equal to or greater than $700 billion after [EFFECTIVE DATE], should comply with these Guidelines within 18 months from the as-of date of the most recent Call Report used in the calculation of the average.

4. A bank with average total consolidated assets, as calculated according to paragraph I.A. of these Guidelines, equal to or greater than $50 billion but less than $700 billion as of [EFFECTIVE DATE] is not a covered bank, provided it does not meet the definition of a covered bank set forth at paragraph I.E. of these Guidelines, and should no longer comply with these Guidelines on [EFFECTIVE DATE].

* * * * *

Jonathan V. Gould,

Comptroller of the Currency.

[FR Doc. 2025–23986 Filed 12–29–25; 8:45 am]

BILLING CODE 4810–33–P

DEPARTMENT OF THE TREASURY

Office of the Comptroller of the Currency

12 CFR Part 34

[Docket ID OCC–2025–0735]

RIN 1557–AF45

Preemption Determination: State Interest-on-Escrow Laws

AGENCY: Office of the Comptroller of the Currency (OCC), Treasury.

ACTION: Notice of proposed rulemaking.

SUMMARY: The OCC is proposing to issue a preemption determination concluding that federal law preempts state laws that eliminate OCC-regulated banks' flexibility to decide whether and to what extent to (1) pay interest or other compensation on funds placed in real estate escrow accounts; or (2) assess fees in connection with such accounts. This preemption determination would provide much needed clarity to banks and other stakeholders.

DATES: Comments must be received on or before January 29, 2026.

ADDRESSES: Commenters are encouraged to submit comments through the Federal eRulemaking Portal. Please use the title ''Preemption Determination: State Interest-on-Escrow Laws'' to facilitate the organization and distribution of the comments. You may submit comments by any of the following methods:

- *Federal eRulemaking Portal—Regulations.gov:*

Go to *https://regulations.gov/.* Enter ''Docket ID OCC–2025–0735'' in the Search Box and click ''Search.'' Public comments can be submitted via the ''Comment'' box below the displayed document information or by clicking on the document title and then clicking the ''Comment'' box on the top-left side of the screen. For help with submitting effective comments, please click on ''Commenter's Checklist.'' For assistance with the *Regulations.gov* site, please call 1–866–498–2945 (toll free) Monday–Friday, 9 a.m.–5 p.m. EST, or email *regulationshelpdesk@gsa.gov.*

- *Mail:* Chief Counsel's Office, Attention: Comment Processing, Office of the Comptroller of the Currency, 400 7th Street SW, Suite 3E–218, Washington, DC 20219.
- *Hand Delivery/Courier:* 400 7th Street SW, Suite 3E–218, Washington, DC 20219.

Instructions: You must include ''OCC'' as the agency name and ''Docket ID OCC–2025–0735'' in your comment. In general, the OCC will enter all comments received into the docket and publish the comments on the *Regulations.gov* website without change, including any business or personal information provided such as name and address information, email addresses, or phone numbers. Comments received, including attachments and other supporting materials, are part of the public record and subject to public disclosure. Do not include any information in your comment or supporting materials that you consider confidential or inappropriate for public disclosure.

You may review comments and other related materials that pertain to this action by the following method:

- *Viewing Comments Electronically—Regulations.gov:*

Go to *https://regulations.gov/.* Enter ''Docket ID OCC–2025–0735'' in the Search Box and click ''Search.'' Click on the ''Dockets'' tab and then the document's title. After clicking the document's title, click the ''Browse All Comments'' tab. Comments can be viewed and filtered by clicking on the ''Sort By'' drop-down on the right side of the screen or the ''Refine Comments Results'' options on the left side of the screen. Supporting materials can be viewed by clicking on the ''Browse Documents'' tab. Click on the ''Sort By'' drop-down on the right side of the screen or the ''Refine Results'' options on the left side of the screen checking the ''Supporting & Related Material'' checkbox. For assistance with the *Regulations.gov* site, please call 1–866–498–2945 (toll free) Monday–Friday, 9 a.m.–5 p.m. ET, or email *regulationshelpdesk@gsa.gov.*

The docket may be viewed after the close of the comment period in the same manner as during the comment period.

FOR FURTHER INFORMATION CONTACT:
Karen McSweeney, Special Counsel, Graham Bannon, Counsel, Priscilla Benner, Counsel, and Harry Naftalowitz, Attorney, 202–649–5490; Office of the Comptroller of the Currency, 400 7th Street SW, Washington, DC 20219. If you are deaf, hard of hearing, or have a speech disability, please dial 7–1–1 to access telecommunications relay services.

SUPPLEMENTARY INFORMATION:

I. Background

A. Introduction

The dual banking system, which is ''made up of parallel federal and state banking systems'' that ''co-exist and compete,'' is foundational to the American financial system.[1] Congress designed this system to permit banks to choose the charter—state or federal—that best fits their business needs and allows them to best serve their customers. Federal preemption, which derives from the Supremacy Clause of the U.S. Constitution, has long been recognized as fundamental to the design of the dual banking system.[2] It removes barriers and creates efficiencies associated with operating under a uniform set of rules, which fosters the development of national products and services and multi-state markets. As such, federal preemption is a critical tool for reducing unnecessary burden, enabling local and national prosperity, and unleashing economic growth. Congress has consistently reaffirmed the important role that federal preemption plays in the dual banking system, including by codifying preemption standards for OCC-regulated banks as part of the Dodd-Frank Wall Street Reform and Consumer Protection Act (Dodd-Frank) [3] and extending comparable federal preemption standards to state-chartered banks in some cases.[4]

In addition, the U.S. Department of Justice (DOJ) and the National Economic Council (NEC) recently recognized the

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[1] *Cantero* v. *Bank of Am., N.A.,* 602 U.S. 205, 209–10 (2024).

[2] When Congress enacted the National Bank Act over 150 years ago, it ''intended to facilitate . . . a 'national banking system.' '' *Marquette Nat'l Bank of Minneapolis* v. *First of Omaha Serv. Corp.,* 439 U.S. 299, 314–15 (1978) (quoting Cong. Globe, 38th Cong., 1st Sess., 1451 (1864)); *see also Easton* v. *Iowa,* 188 U.S. 220, 229 (1903) (observing that federal legislation and regulation ''has in view the erection of a system extending throughout the country, and independent, so far as powers conferred are concerned, of state legislation which, if permitted to be applicable, might impose limitations and restrictions as various and as numerous as the [s]tates.''); *id.* at 231 (''It thus appears that Congress has provided a symmetrical and complete scheme for the banks to be organized under the provisions of the [National Bank Act].'').

[3] *See, e.g.,* 12 U.S.C. 25b.

[4] *See, e.g.,* 12 U.S.C. 1831a(j).