invites comments on these interpretations.

Additional Guidance Regarding Differences Between Lending Limits and Insider Lending Standards

The OCC seeks comment on whether it would be useful for the OCC to issue guidance clarifying the differences between the loans-to-one-borrower limits (12 CFR part 32) and the insider lending limits (part 31). For instance, the attribution rules and the definition of "extension of credit" applied by the OCC in the two regulations are similar but sufficiently different that a banker or bank counsel must keep straight two different sets of rules that often will apply to the same transaction. In many cases, these differences are compelled by differences in the underlying statutory authority for the two parts. The OCC requests that commenters who believe that this type of guidance would be helpful also identify areas where the intersection of the two rules gives rise to the most uncertainty. In this way, the OCC can focus any guidance it provides on those areas where help is most needed. The OCC also requests comment on whether the guidance should appear in an appendix to part 31, as an OCC bulletin, or in some other format.

The following table directs readers to the provision(s) of the current regulation, if any, upon which the proposed provision is based, and identifies generally the action taken.

DERIVATION TABLE

Revised section	Original sec- tion	Comments
31.1	31.1	No change.
31.2	31.3	Relocated and modified.
31.3(a)(1)	31.2(a)	Modified.
31.3(a)(2)		Added.
31.3(b)	31.2(b)	Modified.
31.4	31.4	Modified.
31.5	31.5(d)	Relocated and modified.
31.6(a)	31.5(a)	Modified.
31.6(b)	31.5(b)	Modified.
31.6(c)	31.5(c)	Modified.
31.7`	31.6`	Modified.
31.100	7.7360	Relocated and modified.
31.101	7.7365	Relocated.
31.102	7.7370	Relocated and modified.

Regulatory Flexibility Act

It is hereby certified that this regulation will not have a significant economic impact on a substantial number of small entities. Accordingly, a regulatory flexibility analysis is not required. This regulation will reduce the

regulatory burden on national banks, regardless of size, by eliminating and clarifying current regulatory requirements.

Executive Order 12866

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

Unfunded Mandates Act of 1995

Section 202 of the Unfunded Mandates Act of 1995 (Unfunded Mandates Act) requires that an agency prepare a budgetary impact statement before promulgating a proposal likely to result in a rule that includes a Federal mandate that may result in the annual expenditure of \$100 million or more in any one year by State, local, and tribal governments, in the aggregate, or by the private sector. If a budgetary impact statement is required, section 205 of the Unfunded Mandates Act requires an agency to identify and consider a reasonable number of alternatives before promulgating a proposal. The OCC has determined that the proposal, if adopted, will not result in expenditures by State, local, and tribal governments, or by the private sector, of more than \$100 million in any one year. Accordingly, the OCC has not prepared a budgetary impact statement or specifically addressed the regulatory alternatives considered.

List of Subjects in 12 CFR Part 31

Credit, Disclosure, Executive officers, National banks, Principal shareholders, Reporting and recordkeeping requirements.

Authority and Issuance

For the reasons set out in the preamble, the OCC proposes to revise part 31 of chapter I of title 12 of the Code of Federal Regulations as set forth below:

PART 31—EXTENSIONS OF CREDIT TO INSIDERS AND TRANSACTIONS WITH AFFILIATES

Subpart A-Loans to Insiders

Sec.

31.1 Authority.

31.2 Definitions.

31.3 Loan limits.

Subpart B-Reports and Public Disclosure

31.4 Authority.

31.5 Definitions.

31.6 Disclosure of insider indebtedness.

31.7 Reports by executive officers and principal shareholders.

Interpretations

31.100 Loans secured by stock or obligations of an affiliate.

- 31.101 Federal funds transactions between affiliates.
- 31.102 Deposits between affiliated banks. Authority: 12 U.S.C. 375a(4), 375b(3), 1817(k), and 1972(2)(G)(ii), as amended.

Subpart A—Loans to Insiders

§31.1 Authority.

The part is issued by the Comptroller of the Currency pursuant to 12 U.S.C. 375a(4) and 375b(3), as amended.

§31.2 Definitions.

For the purposes of this subpart, the definitions of the terms contained in Regulation O, 12 CFR 215.2 and 215.3, apply, except that the term "capital and surplus" as used in this subpart has the same meaning as "capital and surplus" as defined in 12 CFR 32.2(b).

§31.3 Loan limits.

- (a) Lending limit on loans to executive officer—(1) General limit. Except as provided in paragraph (a)(2) of this section, a national bank may not extend credit to an executive officer of the bank in an amount that, when aggregated with all other outstanding extensions of credit to that officer, exceeds the greater of \$25,000 or 2.5 percent of the bank's capital and surplus, or in any event \$100,000. The restrictions of this section apply only to executive officers of the national bank and not to executive officers of its affiliates.
- (2) Exceptions. The general limit specified in paragraph (a)(1) of this section does not apply to the following:
- (i) A loan made for the purpose described in 12 U.S.C. 375a(2) (housing-related loans) or 12 U.S.C. 375a(3) (loans made to finance the education of the officer's children); and
- (ii) A loan secured in a manner described in 12 CFR 32.3(c)(3) (secured by United States obligations), 12 CFR 32.3(c)(4)(ii) (secured by obligations guaranteed by a Federal agency), or 12 CFR 32.3(c)(6) (secured by a segregated deposit account).
- (b) Approval limits on all loans to an insider. Notwithstanding paragraph (a) of this section, a national bank may not extend credit to an insider of the bank or insider of its affiliates in an amount that, when aggregated with all other extensions of credit to that insider, exceeds the greater of \$25,000 or 5 percent of the bank's capital and surplus, or in any event \$500,000, unless:
- (1) A majority of the lending bank's entire board of directors approves the loan in advance; and
- (2) The interested party abstains from participating directly or indirectly in the vote.