

DEPARTMENT OF THE TREASURY

Office of the Comptroller of the Currency

12 CFR Part 5

[Docket ID OCC-2025-0273]

RIN 1557-AF38

Community Bank Licensing Amendments

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

ACTION: Final rule.

SUMMARY: The Office of the Comptroller of the Currency (OCC) is amending its rules related to policies and procedures to simplify licensing requirements for corporate activities and transactions involving national banks and Federal savings associations that have less than \$30 billion in total assets and satisfy certain conditions. The final rule is intended to reduce burden on these institutions.

DATES: The final rule is effective on **[INSERT DATE 30 DAYS AFTER DATE OF PUBLICATION IN THE *FEDERAL REGISTER*]**.

FOR FURTHER INFORMATION CONTACT: Christopher Crawford, Acting Assisting Director, or Scott Burnett, 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

Twelve CFR part 5 sets forth the OCC's requirements for national banks and Federal savings associations that seek to engage in certain corporate activities and transactions, including establishing, changing the structure of or the activities performed by, and dissolving OCC-supervised institutions. The filing requirements differ depending on the nature of corporate activity or transaction, ranging from a full application before engaging in an activity or transaction to an after-the-fact notification for informational purposes.

While all similarly categorized corporate activities and transactions are generally subject to identical filing requirements, the OCC's licensing regulations provide expedited review of filings and modified filing requirements in certain circumstances (expedited or reduced filing procedures). The OCC first introduced these expedited or reduced filing procedures in 1996, when the regulations in 12 CFR part 5 were amended to include expedited procedures for certain filings by "eligible banks."¹ The 1996 amendments also established notice procedures, rather than applications, for certain filings by national banks that were "adequately capitalized" or "well capitalized," as those terms are defined in the prompt corrective action (PCA) framework set forth in 12 CFR part 6.² Over time, the OCC has amended and expanded these expedited or reduced filing procedures, with current 12 CFR part 5 providing expedited or reduced filing procedures to OCC-supervised institutions that are: (1) either an "eligible bank" or "eligible savings association," or (2) both "well managed" and "well capitalized." These

¹ 61 FR 60342-43 (Nov. 27, 1996).

² 61 FR 60343.

procedures reduce the baseline burden for OCC-supervised institutions that satisfy the eligibility criteria, as there is either less burden in preparing the requisite filing for the OCC, reduced delay before engaging in a proposed activity or transaction, or both. As noted when the OCC first adopted expedited review, certain applications by healthy institutions entail low levels of risk.³

On November 18, 2025, the OCC proposed to amend its regulations to similarly simplify licensing requirements for corporate activities and transactions involving national banks and Federal savings associations that have less than \$30 billion in total assets and satisfy certain conditions.⁴ The proposed rule was based on the OCC's experience supervising and reviewing filings by such institutions, which informs the OCC's belief that applications by community national banks and community Federal savings associations generally present low levels of risk, comparable to those by eligible banks and eligible savings associations, and thus should also benefit from expedited or reduced filing procedures. The OCC received eight responsive comments to the proposal. Three commenters broadly supported the proposal. Other commenters opposed the proposal and offered specific requests for changes to the proposed amendments.⁵ As explained in greater detail below, following review of the comments received on the proposal, the OCC is finalizing these proposed amendments with one change.

³ See 61 FR 60342.

⁴ 90 FR 51577 (Nov. 18, 2025).

⁵ The OCC also received one comment discussing various regulatory analyses under, inter alia, the Regulatory Flexibility Act and Unfunded Mandates Reform Act. The OCC has completed all required analyses in accordance with statute, as discussed in the *Regulatory Analysis* section of this SUPPLEMENTARY INFORMATION.

II. Description of the Final Rule

The OCC's licensing requirements generally apply equally regardless of the size of the OCC-supervised institution. The final rule modifies this approach by establishing a new definition of "covered community bank or covered community savings association" to provide such institutions access to all currently available expedited or reduced filing procedures. The OCC is adopting these changes as part of a broader initiative to tailor the regulatory framework for community national banks and community Federal savings associations, with the goal of reducing regulatory burden and tailoring requirements to the size and risk-profile of the institution. Community national banks and community Federal savings associations typically engage in lower risk and less complex activities. Accordingly, the OCC will generally be able to review filings from community national banks and community Federal savings associations more quickly. Similarly, a lower risk profile is generally correlated to a proposal more clearly meeting the evaluative factors and less likely to warrant denial. Accordingly, the OCC is expanding the existing expedited or reduced filing procedures to community national banks and community Federal savings associations that satisfy certain conditions.

Definitions (§ 5.3)

Twelve CFR 5.3 defines the terms that are used throughout part 5. The OCC is adopting a new definition, "covered community bank or covered community savings association," as originally proposed. The proposal defined a "covered community bank or covered community savings association" as a national bank or Federal savings association that: (1) has less than \$30 billion in total assets and is not an affiliate of a depository institution or foreign bank with \$30 billion or more in total assets, (2) is "well

capitalized” as defined in 12 CFR 5.3, and (3) is not subject to a cease and desist order, a consent order, or a formal written agreement, that requires action to improve the financial condition of the national bank or Federal savings association unless otherwise informed in writing by the OCC. The total assets of the national bank, Federal savings association, and any depository institution affiliate would be as reported in the institution’s Consolidated Report of Condition and Income (Call Report). Any foreign bank’s total assets would be as reported in an equivalent to a Call Report. A national bank or Federal savings association would be an affiliate of a depository institution or foreign bank if it controls, is controlled by, or is under common control with the depository institution or foreign bank, with “control” being defined in 12 CFR 5.50(d)(4). The OCC believes that this standard for control, as used in the Change in Bank Control Act and implementing regulations,⁶ provides the appropriate, flexible test for determining when a national bank or Federal savings association is affiliated with a larger institution. This standard is well known and frequently applied for control analyses.

The OCC received several comments on the proposal’s new definition. Three commenters strongly supported the addition of the new definition and corresponding grant of expedited or reduced filing procedures to such institutions, contending that the proposal reflected a thoughtful approach to tailoring regulations based on risk and complexity. Despite this general support, one commenter suggested indexing the \$30 billion threshold to inflation to ensure it remained meaningful over time. Otherwise, the commenter suggested, the natural growth of the economy would inevitably result in fewer institutions qualifying under the new definition over time. Similarly, one

⁶ 12 U.S.C. 1817(j); 12 CFR 5.50.

commenter suggested that aggregating affiliate depository institutions could undermine the intent of the rule and exclude otherwise eligible smaller institutions from receiving relief.

Several commenters, however, raised concerns about the proposed definition. Several commenters argued that the OCC did not provide analysis and support for the proposal's \$30 billion threshold. One commenter suggested that the OCC should instead utilize the Federal Deposit Insurance Corporation's (FDIC) definition of "community bank," which considers not only an inflation-adjusted asset size, but other factors, such as activities conducted and geographic market area. One commenter suggested additional amendments to the proposed definition, including that (1) the bank has a Community Reinvestment Act (CRA) rating of Outstanding or Satisfactory; (2) the application is not subject to an adverse public comment; and (3) the bank is not the subject of any fair housing, fair lending, or consumer protection orders, agreements, or investigations. Finally, one commenter expressed concerns regarding the OCC's ability to review filings under expedited or reduced filing procedures.

The final rule retains the proposal's definition without alteration. The OCC explained in the proposal that the \$30 billion total asset limitation is consistent with the OCC's recently announced Community Bank group, which will supervise institutions with total assets up to that threshold.⁷ These are national banks and Federal savings associations that the OCC has concluded, through its supervisory experience, typically engage in lower risk and less complex activities. The OCC, therefore, disagrees with the suggestion of some commenters that the current thresholds lack analysis and support—

⁷ See OCC, News Release 2025-89, "OCC Announces Updates to Organizational Structure" (Sept. 18, 2025), <https://www.occ.gov/news-issuances/news-releases/2025/nr-occ-2025-89.html>.

these thresholds are informed by the OCC's more than 160 years of supervising financial institutions, including the agency's longstanding practice of appropriately tailoring supervision to the size and operations of individual institutions.⁸

The OCC is also not incorporating inflation indexing into the final rule's asset size threshold. While natural growth in the economy over time may reduce the number of entities that meet the new definition's asset size threshold, the OCC believes it is appropriate to make any adjustments to the asset size thresholds contained in the definitions as needed. As with the current thresholds, future adjustments would be made based on the OCC's supervisory experience, which may warrant revisions that are either greater or less than what inflation indexing would dictate. The OCC, however, understands the commenter's concern and notes that this issue is not unique to the current rulemaking given the presence of other asset size thresholds throughout the OCC's regulations. The OCC may determine it is appropriate to address indexing for purposes of this definition specifically, or to address the issue more generally across appropriate regulations, in a subsequent rulemaking.

The final rule also retains the proposal's aggregation of affiliated depository institutions' assets for purposes of determining this \$30 billion threshold. While commenters noted that aggregation reduces the pool of eligible institutions, the OCC views this as an intended, rather than unintended, consequence. As explained in the proposal, the purpose of this rulemaking is to grant greater flexibility to community banks based on their generally lower risk profile. This justification is not always present

⁸ For example, the *Comptroller's Handbook*, "Examination Process" series booklets are delineated by institution size, including the general "Bank Supervision Process," "Community Bank Supervision," and "Large Bank Supervision" booklets.

in the context of an OCC-supervised institution that is affiliated with a larger banking organization. Furthermore, viewing institutions on a standalone basis could invite regulatory arbitrage opportunities, which would be contrary to the rule's intended purpose of more appropriately tailoring the OCC's licensing requirements based on risk.

The OCC is also not incorporating other commenter-suggested amendments to the covered community bank or covered community savings association definition. The definition's requirement that the OCC-supervised institution be "well capitalized" is consistent with the OCC's general approach to conferring expedited or reduced filing procedures. The definition's enforcement action restriction mirrors the current language in the "troubled condition" definition in 12 CFR 5.51(c)(7)(ii) with respect to enforcement actions. A national bank or Federal savings association that is not well capitalized or is subject to an enforcement action that requires improvement in its financial condition typically has a higher risk profile than a covered community bank or covered community savings association. Accordingly, the OCC more closely examines filings from these institutions, and expedited or reduced filing procedures are not appropriate. Contrary to commenter suggestions, the OCC does not believe expanding the scope of enforcement actions is necessary or appropriate because enforcement actions concerning specific laws are generally not relevant to many types of applications, unlike the institution's financial condition, which is always relevant. The OCC will consider facts underlying all enforcement actions or investigations in the evaluative factors for each filing, as appropriate. For example, the OCC would consider any fair lending-related enforcement action as part of its review of the convenience and needs of the community

to be served in a proposed merger under the Bank Merger Act.⁹ Furthermore, the suggestion that the definition should include an absence of adverse public comments would be both unworkable and unnecessary. The definition of covered community bank or covered community savings association applies to the institution, not the filing itself. The definition permits the institution to use the expedited or reduced filing procedures. To the extent that an adverse comment warrants additional review, the OCC retains authority to extend review periods or remove filings from expedited review with standards as discussed in 12 CFR 5.13(a)(2), as discussed further within.

The OCC also declines to adopt the definition of community bank cited by a commenter. The cited definition was used by the FDIC for a study published in 2012 and contains complex definitions and requirements for designating an institution as a community bank.¹⁰ While potentially suitable for research purposes, the OCC believes that this complex definition would be very difficult to operationalize, as both the OCC and its supervised entities may have difficulty applying such a definition.

Expedited or Reduced Filing Procedures

The OCC's regulations currently have expedited review provisions for eligible banks or eligible savings associations for thirteen types of filings. Two commenters expressed concerns about the agency's ability to review filings under expedited or reduced filing procedures. The OCC disagrees with these comments. As noted in the proposal, the OCC's regulations have contained expedited or reduced filing procedures for decades, and the agency has demonstrated its ability to complete the required reviews

⁹ See 12 U.S.C. 1828(c)(5).

¹⁰ See FDIC Community Banking Study (Dec. 2012), available at <https://www.fdic.gov/resources/community-banking/report/2012/2012-cbi-study-full.pdf>.

within such timeframes. To the extent that individual filings warrant different treatment, the OCC has existing authority in part 5 to adjust the procedures for such filings. The OCC will retain the ability to extend the expedited review period or remove a filing from expedited review, as the OCC's regulations currently provide for filings by eligible banks and eligible savings associations in 12 CFR 5.13(a)(2)(i). Further, the OCC retains the discretion under 12 CFR 5.2(b) to adopt materially different procedures for a particular filing, or class of filings, as it deems necessary—for example, in exceptional circumstances or for unusual transactions, after providing notice of the change to the filer and to any other party that the OCC determines should receive notice. Accordingly, the expansion of expedited or reduced filing procedures will not impair the OCC's ability to perform the required reviews.

While expedited review provisions exist in thirteen types of filings, these provisions are not uniform and vary depending on the nature of the filing type. For charter applications, 12 CFR 5.20(j) provides expedited review for an application to establish a full-service national bank or Federal savings association sponsored by a bank holding company or savings and loan holding company whose lead depository institution is an eligible bank or eligible savings association. Twelve CFR 5.23(d)(4) and 5.24(h) provide for expedited review of an application to convert from an eligible bank to a Federal savings association and from an eligible savings association to a national bank, respectively. Twelve CFR 5.26(e)(3) provides for expedited review of an application by an eligible bank or eligible savings association to exercise fiduciary powers. Twelve CFR 5.30(f)(6) provides for expedited review of applications for establishment or relocation of a branch by an eligible bank. Twelve CFR 5.31(f)(2)(iii) provides that an eligible savings

association need not file an application to establish or relocate a branch if it has published public notice and no person has filed a comment opposing the branch, or if the OCC determines that a comment raises issues not relevant to the approval standards for an application for a branch or that OCC action in response to the comment is not required. If an application is required, because a comment has been filed or the branch is located in the District of Columbia,¹¹ 12 CFR 5.31(f)(1)(iii) provides for expedited review of applications by an eligible savings association. Twelve CFR 5.40(c)(4) provides for expedited review of applications to relocate a main office or home office of an eligible bank or eligible savings association, respectively. Twelve CFR 5.45(g)(3) provides for expedited review of applications for a capital increase by an eligible savings association. Twelve CFR 5.46(i)(2) provides for expedited review of applications for a change in permanent capital by an eligible bank. Under 12 CFR 5.47(f)(1)(i)(A) and (f)(2)(i)(A), an eligible bank is required to receive OCC approval to issue any subordinated debt or to prepay subordinated debt not included in tier 2 capital, respectively, only if the national bank will not continue to be an eligible bank after the transaction, the OCC has previously notified the national bank that prior approval is required, or prior approval is required by law. Similarly, 12 CFR 5.56(b)(1)(ii) provides for expedited review of applications to include subordinated debt securities or mandatorily redeemable preferred stock in tier 2 capital by an eligible savings association. The OCC proposed adding covered community bank or covered community savings association to each of these provisions referencing an eligible bank or eligible savings association. The OCC did not

¹¹ See 12 U.S.C. 1464(m); 12 CFR 5.31(j).

receive any comments on these provisions and is finalizing these amendments as proposed.

Under 12 CFR 5.33(i), an application for a business combination is eligible for expedited review if the filing qualifies as a business reorganization as defined in 12 CFR 5.33(d)(3) or the filing qualifies as a streamlined business combination application as described in 12 CFR 5.33(j).¹² The OCC proposed to add to paragraph (j) a new paragraph permitting the use of the streamlined application form when the acquiring national bank or Federal savings association is a covered community bank or covered community savings association and the transaction would result in a national bank or Federal savings association with less than \$30 billion in total assets.

A commenter suggested that allowing expedited review of business combinations by acquiring covered community banks or covered community savings associations was

¹² Twelve CFR 5.33(j) authorizes the use of a streamlined application if: (i) At least one party to the transaction is an eligible bank or eligible savings association, and all other parties to the transaction are eligible banks, eligible savings associations, or eligible depository institutions; the resulting national bank or resulting Federal savings association will be well capitalized immediately following consummation of the transaction; and the total assets of the target institution are no more than 50 percent of the total assets of the acquiring bank or Federal savings association, as reported in each institution's Consolidated Report of Condition and Income filed for the quarter immediately preceding the filing of the application; (ii) the acquiring bank or Federal savings association is an eligible bank or eligible savings association; the target bank or savings association is not an eligible bank, eligible savings association, or an eligible depository institution; the resulting national bank or resulting Federal savings association will be well capitalized immediately following consummation of the transaction; and the filers in a prefiling communication request and obtain approval from the appropriate OCC licensing office to use the streamlined application; (iii) the acquiring bank or Federal savings association is an eligible bank or eligible savings association; the target bank or savings association is not an eligible bank, eligible savings association, or an eligible depository institution; the resulting bank or resulting Federal savings association will be well capitalized immediately following consummation of the transaction; and the total assets acquired do not exceed 10 percent of the total assets of the acquiring national bank or acquiring Federal savings association, as reported in each institution's Consolidated Report of Condition and Income filed for the quarter immediately preceding the filing of the application; or (iv) in the case of a transaction under 12 CFR 5.33(g)(4), the acquiring bank is an eligible bank; the resulting national bank will be well capitalized immediately following consummation of the transaction; the filers in a prefiling communication request and obtain approval from the appropriate OCC licensing office to use the streamlined application; and the total assets acquired do not exceed 10 percent of the total assets of the acquiring national bank, as reported in the bank's Consolidated Report of Condition and Income filed for the quarter immediately preceding the filing of the application.

inconsistent with the OCC's required review of such transactions under the Bank Merger Act, section 18(c) of the Federal Deposit Insurance Act (12 U.S.C. 1828(c)). The commenter suggested that a 45-day review period provided the OCC with insufficient time to consider mandatory statutory factors for such transactions, such as the convenience and needs of the communities to be served. The commenter also criticized that expedited reviews were only conditioned on the acquirer being well capitalized, which would permit expedited review when the target is not well capitalized.

The OCC disagrees with these commenter concerns and therefore is adopting the revisions to 12 CFR 5.33(j) without alteration. The current streamlined application and expedited review process in § 5.33 has been in place since 1996, and the OCC has a demonstrated history of completing reviews required under the Bank Merger Act under these procedures. As previously discussed, the OCC has the authority to remove merger applications from the expedited review process where additional time is needed. Furthermore, conditioning eligibility based on the acquirer's capital category and not the target's is consistent with the existing criteria for expedited review eligibility in 12 CFR 5.33, as multiple options for streamlined applications do not require the target institution to be an eligible bank, eligible savings association, or eligible depository institution, each of which requires the institution to be well capitalized.¹³ The OCC will review the financial resources of both the existing and resulting institutions in accordance with the Bank Merger Act.¹⁴ To the extent that a target institution's capital could adversely impact the resulting institution's capital position, the OCC would retain authority to extend the

¹³ See 12 CFR 5.3.

¹⁴ See 12 U.S.C. 1828(c)(5).

review period to fully evaluate such concerns, as needed. Accordingly, the OCC is finalizing this amendment as proposed.

Under 12 CFR 5.55(e)(1)(i), a Federal savings association must file an application before making a capital distribution if, inter alia, it would not be at least well capitalized or otherwise remain an eligible savings association following the distribution. The OCC proposed adding covered community savings association to this provision and restructuring paragraph (e)(1)(i) for clarity. Specifically, an application would be required if either the Federal savings association is not an eligible savings association or a covered community savings association or the Federal savings association is an eligible savings association or a covered community savings association but would not remain well capitalized following the distribution. Twelve CFR 5.55(g)(1) provides for expedited review of capital distribution applications by eligible savings associations. The OCC proposed adding covered community savings association to this provision. The OCC did not receive comments on these provisions and is finalizing these amendments as proposed.

The OCC's regulations also provide for expedited or reduced filing requirements for certain filings by national banks and Federal savings associations that are well managed and well capitalized. Twelve CFR 5.34(f)(1) generally requires an application for a national bank to establish or acquire an operating subsidiary or perform a new activity in an existing operating subsidiary. Twelve CFR 5.34(f)(2) permits a national bank that is well capitalized and well managed to provide after-the-fact notice instead of an application if the operating subsidiary meets certain structural and activity requirements. Similarly, 12 CFR 5.34(f)(6) permits a national bank to acquire or establish

an operating subsidiary or perform a new activity in an existing operating subsidiary if the bank is well managed and well capitalized and meets other requirements. The OCC proposed that a national bank qualify for these expedited or reduced filing requirements if it is a covered community bank or is both well capitalized and well managed. The OCC did not receive comments on these provisions and is finalizing these amendments as proposed.

Twelve CFR 5.35(f)(2)(ii) provides for expedited review of a notice to make an investment in a bank service company or to perform new activities in an existing bank service company if the national bank or Federal savings association is well capitalized and well managed and the bank service company meets certain activity qualifications. The OCC proposed adding covered community banks and covered community savings associations to this provision. The OCC did not receive comments on this provision and is finalizing this amendment as proposed.

Twelve CFR 5.36(e) permits a national bank to file a notice no later than 10 days after making a non-controlling investment if the notice contains, inter alia, a certification that the bank is well capitalized and well managed at the time of the investment. If the national bank is not well capitalized and well managed but still meets other requirements necessary to make the non-controlling investment, it must instead file an application under 12 CFR 5.36(f). The OCC proposed to add covered community bank as an alternative to the current requirement that a national bank be well capitalized and well managed for purposes of the certification in 12 CFR 5.36(e)(3). Twelve CFR 5.36(h)(1) permits a national bank that is well capitalized and well managed to make a non-controlling investment in an enterprise that engages in the activities of holding and

managing assets acquired by the parent bank in satisfaction of a debt previously contracted. The national bank must submit a notice with the OCC no later than 10 days after making the investment. The OCC proposed to permit covered community banks to use this procedure. Twelve CFR 5.58 provides substantively identical provisions for Federal savings association's pass-through investments. The OCC proposed parallel changes for covered community savings associations in that regulation. The OCC did not receive comments on these provisions and is finalizing these amendments as proposed.

Twelve CFR 5.38 provides for expedited review of an application to establish or acquire an operating subsidiary or to perform a new activity in an existing operating subsidiary by a Federal savings association¹⁵ that is well capitalized and well managed if the operating subsidiary meets certain structural and activity requirements. Twelve CFR 5.59 provides for expedited review of an application to establish or acquire a service corporation, or to perform a new activity in an existing service corporation subsidiary, by a Federal savings association¹⁶ that is well capitalized and well managed if the service corporation engages only in one or more of the preapproved activities listed in 12 CFR 5.59(f). The OCC proposed to add covered community savings associations to these provisions. The OCC did not receive comments on these provisions and is finalizing these amendments as proposed.

¹⁵ Twelve CFR 5.38 does not apply to a Federal savings association that is not subject to 12 U.S.C. 1828(m) because the Federal savings association is a Federal savings bank that was chartered prior to October 15, 1982 as a savings bank under State law or acquired its principal assets from an institution that was chartered prior to October 15, 1982, as a savings bank under State law. *See* 12 CFR 5.38(b). Such a Federal savings association may establish or acquire an operating subsidiary or commence a new activity in an existing operating subsidiary without a filing to the OCC.

¹⁶ As with 12 CFR 5.38, the application requirements in 12 CFR 5.59 do not apply to Federal savings associations not subject to 12 U.S.C. 1828(m). *See* 12 CFR 5.59(h)(1)(i).

Adverse Comments

Additionally, the OCC proposed to clarify the standard for when an adverse comment raises a significant supervisory, CRA, or compliance concern. Under 12 CFR 5.13(a)(2)(i), the OCC may extend the expedited review period or remove a filing from expedited review procedures if, inter alia, it concludes that the filing, or an adverse comment regarding the filing, presents a significant supervisory, CRA, or compliance concern. The OCC does not extend the expedited review period or remove a filing from expedited review procedures if, inter alia, the OCC determines that an adverse comment does not raise a significant supervisory, CRA, or compliance concern. The OCC's regulation does not currently define when a concern is significant. The OCC proposed to add a sentence to 12 CFR 5.13(a)(2)(ii) that, for purposes of that paragraph, it considers a concern to be significant if the facts are previously unknown to the OCC and, if proven accurate, would support denial of the filing. This new sentence would provide additional clarity to filers and commenters on when the OCC may extend the expedited review period or remove a filing from expedited review procedures in light of the comment. If the information in a comment is already known to the OCC, the OCC may act under 12 CFR 5.13(a)(2)(i) or deny the filing, as appropriate. If the information in a comment, if accurate, would not support denial of the filing, the OCC does not see a basis to change the otherwise applicable expedited processing, as the record available to the OCC would already provide sufficient basis for decision.

One commenter criticized the proposed standard as difficult and arbitrary. The OCC has not significantly changed its regulations regarding consideration of public comments since 1996. The addition of a standard for a significant comment would

provide additional clarity, as the OCC has done in other rulemakings in recent years.¹⁷

The proposed standard continues this clarification and offers more information to commenters and institutions than the current regulation.

The OCC also received a comment requesting clarification regarding what constitutes a significant adverse comment, with which the OCC agrees. Specifically, the commenter contended that a comment should be considered significant if it would warrant not only a denial, as originally proposed, but also if it would warrant the OCC imposing a condition on the approval of the filing. The OCC has authority to impose conditions on its approvals, and such conditions are generally enforceable by the OCC under 12 U.S.C. 1818(b), if needed. The OCC recognizes that the proposal was insufficiently granular regarding such conditional approvals, which the final rule remedies by expressly addressing such scenarios. The OCC believes that if a comment raises concerns that may warrant a conditional approval, the comment necessarily raises an issue of significance to the filing and, thus, will be considered significant in such circumstances. Accordingly, the OCC is finalizing the proposed amendment substantially as proposed with the additional reference to conditional approval.

III. Regulatory Analysis

Paperwork Reduction Act

Under the Paperwork Reduction Act of 1995 (PRA),¹⁸ 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.

¹⁷ See 85 FR 80436 (Dec. 11, 2020) (adding definition of “non-substantive”).

¹⁸ 44 U.S.C. 3501-3521.

The information collection requirements in this final rule have been submitted to OMB under OMB control number 1557-0014 (Licensing Manual).

The final rule creates a new definition of “covered community bank or covered community savings association” and amends various provisions of 12 CFR part 5 to grant expedited or reduced filing procedures already present in the regulations to covered community banks and covered community savings associations.

Title: Licensing Manual.

OMB control number: 1557-0014.

Frequency of Response: Occasional.

Affected Public: National banks and Federal savings associations.

The changes to the burden of the Licensing Manual are *de minimis* and continue to be:

Estimated Number of Respondents: 3,694.

Estimated Total Annual Burden: 12,481.15.

Comments continue to be invited on:

(a) Whether the collections of information are necessary for the proper performance of the agencies’ functions, including whether the information has practical utility;

(b) The accuracy of the estimate of the burden of the information collections, including the validity of the methodology and assumptions used;

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

(d) Ways to minimize the burden of the information collections 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.

All comments will become a matter of public record. Written comments and recommendations for the information collection should be sent within 30 days of publication of this notice. Comments on the collection of information should be sent to Chief Counsel’s Office, Attention: Comment Processing, Office of the Comptroller of the Currency, Attention: 1557–0014, 400 7th Street SW, Suite 3E–218, Washington, DC 20219. Comments may also be sent to prainfo@occ.treas.gov or to www.reginfo.gov/public/do/PRAMain. Find this information collection by selecting “Currently under 30-day Review—Open for Public Comments” or using the search function.

Regulatory Flexibility Act

In general, the Regulatory Flexibility Act (RFA)¹⁹ requires an agency, in connection with a final rule, to prepare a final Regulatory Flexibility Analysis describing the impact of the rule on small entities (defined by the U.S. Small Business Administration 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 final rule would not have a significant economic

¹⁹ 5 U.S.C. 601 *et seq.*

impact on a substantial number of small entities and publishes its certification and a short explanatory statement in the *Federal Register* along with its final rule.

The OCC currently supervises 997 institutions (commercial banks, trust companies, Federal savings associations, and branches or agencies of foreign banks),²⁰ of which approximately 609 are small entities.²¹ The OCC estimates that on average, up to 68 OCC-supervised institutions could be impacted by the rule, based on the definition of covered community bank or covered community savings association. In general, the OCC classifies the economic impact on an individual small entity as significant if the total estimated impact in one year is greater than 5 percent of the small entity's total annual salaries and benefits or greater than 2.5 percent of the small entity's total non-interest expense. Furthermore, the OCC considers 5 percent or more of OCC-supervised small entities to be a substantial number. Thus, at present, 30 OCC-supervised small entities would constitute a substantial number.

The final rule will provide expedited review of certain applications for some small entities and would require fewer filings for some small entities for other types of filings. This would result in cost savings for some OCC-regulated institutions that would now qualify for expedited or reduced filing procedures. Although there are individual small entities that will be impacted by the final rule, the economic impact would not be more

²⁰ Based on data accessed using the OCC's Financial Institutions Data Retrieval System on February 18, 2026.

²¹ We base our estimate of the number of small entities on the Small Business Administration's size thresholds for commercial banks and savings institutions, and trust companies, which are \$850 million and \$47 million, respectively. Consistent with the General Principles of Affiliation 13 CFR 121.103(a), we count the assets of affiliated financial institutions when determining if we should classify an OCC-supervised institution as a small entity. We use December 31, 2024, to determine size because a "financial institution's assets are determined by averaging the assets reported on its four quarterly financial statements for the preceding year." See footnote 8 of the U.S. Small Business Administration's *Table of Size Standards*.

than 5 percent of the small entity's total annual salaries and benefits nor greater than 2.5 percent of the small entity's total non-interest expense. Therefore, the OCC certifies that this final rule would not have a significant economic impact on a substantial number of small entities. A Regulatory Flexibility Analysis is thus not required.

Unfunded Mandates Reform Act

The OCC has analyzed the final rule under the factors in the Unfunded Mandates Reform Act of 1995 (UMRA).²² Under this analysis, the OCC considered whether the final 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,²³ if a final 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 UMRA does not apply to regulations that incorporate requirements specifically set forth in law.

The OCC estimates that the final rule would not require additional expenditures from OCC regulated entities. As noted earlier, there would likely be a decrease in expenditures due to reduced filing requirements, resulting in cost savings. Therefore, the OCC finds that the final 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 (RCDRIA) of 1994, 12 U.S.C. 4802(a), in determining the effective

²² 2 U.S.C. 1531 *et seq.*

²³ 2 U.S.C. 1532.

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 principles of safety and soundness and the public interest: (1) any administrative burdens that the final rule would place on depository institutions, including small depository institutions and customers of depository institutions; and (2) the benefits of the final rule. In addition, section 302(b) of RCDRIA requires new regulations and amendments to regulations that impose additional reporting, disclosures, or other new requirements on insured depository institutions generally to take effect on the first day of a calendar quarter that begins on or after the date on which the regulations are published in final form.

The OCC has considered the changes made by this final rule and believes that the overall effective date of **[INSERT DATE 30 DAYS AFTER DATE OF PUBLICATION IN THE *FEDERAL REGISTER*]** will provide OCC-regulated institutions with adequate time to comply with the rule. The final rule will not impose any new administrative compliance requirements, but rather provide expedited or reduce filing requirements to certain institutions.

Executive Order 12866

Executive Order 12866, titled “Regulatory Planning and Review,” as amended, requires the Office of Information and Regulatory Affairs (OIRA), Office of Management and Budget (OMB), to determine whether a final rule is a “significant regulatory action” prior to the disclosure of the final rule to the public. If OIRA finds the final rule to be a “significant regulatory action,” Executive Order 12866 requires the agencies to conduct a cost-benefit analysis of the final rule and for OIRA to conduct a

review of the final 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.

OMB has determined that this final rule is not a “significant regulatory action” as defined in section 3(f) of Executive Order 12866 and, therefore, is not subject to review under Executive Order 12866.

Executive Order 14192

Executive Order 14192, titled “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. This rule is not an Executive Order 14192 regulatory action because this rule is not significant under Executive Order 12866. Further, the final rule is

a deregulatory action under Executive Order 14192 because it will result in potential cost savings for OCC-supervised institutions.

Congressional Review Act

For purposes of the Congressional Review Act, OMB makes a determination as to whether a final rule constitutes a “major rule.”²⁴ If a rule is deemed a “major rule” by OMB, the Congressional Review Act generally provides that the rule may not take effect until at least 60 days following its publication.²⁵

The Congressional Review Act defines a “major rule” as any rule that the Administrator of the Office of Information and Regulatory Affairs of the OMB finds has resulted in or is likely to result in: (1) an annual effect on the economy of \$100,000,000 or more; (2) a major increase in costs or prices for consumers, individual industries, Federal, State, or local government agencies, or geographic regions; or (3) significant adverse effects on competition, employment, investment, productivity, innovation, or on the ability of United States-based enterprises to compete with foreign-based enterprises in domestic and export markets.²⁶

OMB has determined that the final rule is not a major rule for purposes of the Congressional Review Act. As required, the OCC will submit the final rule and other appropriate reports to Congress and the Government Accountability Office for review.

List of Subjects in 12 CFR Part 5

Administrative practice and procedure, National banks, Reporting and recordkeeping requirements, Savings associations, Securities.

²⁴ 5 U.S.C. 801 *et seq.*

²⁵ 5 U.S.C. 801(a)(3).

²⁶ 5 U.S.C. 804(2).

Authority and Issuance

For the reasons set forth in the preamble, the OCC amends chapter I of title 12 of the Code of Federal Regulations as follows:

PART 5—RULES, POLICIES, AND PROCEDURES FOR CORPORATE ACTIVITIES

1. The authority citation for part 5 continues to read as follows:

Authority: 12 U.S.C. 1 *et seq.*, 24a, 35, 93a, 214a, 215, 215a, 215a–1, 215a–2, 215a–3, 215c, 371d, 481, 1462a, 1463, 1464, 1817(j), 1831i, 1831u, 2901 *et seq.*, 3101 *et seq.*, 3907, and 5412(b)(2)(B).

2. Amend § 5.3 by adding the definition of “Covered community bank or covered community savings association” to read as follows:

§ 5.3 Definitions.

* * * * *

Covered community bank or covered community savings association means:

(1) A national bank or Federal savings association that:

(i) Has less than \$30 billion in total assets, as reported in the national bank’s or Federal savings association’s Call Report, and is not an affiliate of a depository institution or foreign bank with \$30 billion or more in total assets, as reported in the depository institution’s Call Report or the foreign bank’s equivalent to a Call Report;

(ii) Is well capitalized as defined in § 5.3; and

(iii) Is not subject to a cease and desist order, a consent order, or a formal written agreement, that requires action to improve the financial condition of the national bank or Federal savings association unless otherwise informed in writing by the OCC.

(2) For purposes of this definition, the term “affiliate” means any company that controls, is controlled by, or is under common control with the depository institution or foreign bank, as control is defined in § 5.50(d)(4).

* * * * *

3. Amend § 5.13(a)(2)(ii) by adding a sentence after the first sentence to read as follows:

§ 5.13 Decisions.

(a) * * *

(2) * * *

(ii) * * * For purposes of this paragraph, the OCC considers a concern to be significant if the facts are previously unknown to the OCC and, if proven accurate, would support denying, or imposing a condition on the approval of, the filing. * * *

* * * * *

§ 5.20 [Amended]

4. Amend § 5.20(j) by removing the phrase “eligible bank or eligible savings association” and adding in its place the phrase “eligible bank, eligible savings association, covered community bank, or covered community savings association”.

§ 5.23 [Amended]

5. Amend § 5.23(d)(4) by adding the phrase “or covered community bank” after the phrase “eligible bank”.

§ 5.24 [Amended]

6. Amend § 5.24(h) by adding the phrase “or covered community savings association” after the phrase “eligible savings association”.

§ 5.26 [Amended]

7. Amend § 5.26(e)(3) by removing the phrase “eligible bank or eligible savings association” and adding in its place the phrase “eligible bank, eligible savings association, covered community bank, or covered community savings association”.

§ 5.30 [Amended]

8. Amend § 5.30(f)(6) by adding the phrase “or covered community bank” after the phrase “eligible bank”.

§ 5.31 [Amended]

9. In § 5.31, amend paragraphs (f)(1)(iii) and (f)(2)(iii) introductory text by adding the phrase “or covered community savings association” after the phrase “eligible savings association”.

10. Amend § 5.33 by:

a. In paragraph (j)(1)(iii) removing the phrase “application; or” and adding in its place the phrase “application;”;

b. In paragraph (j)(1)(iv) removing the period after the phrase “filing of the application” and adding in its place the phrase “; or”; and

c. Adding a new paragraph (j)(1)(v) to read as follows:

§ 5.33 Business combinations involving a national bank or Federal savings association.

* * * * *

(j)* * *

(1) * * *

(v) The acquiring national bank or Federal savings association is a covered community bank or covered community savings association and the transaction would result in a national bank or Federal savings association with less than \$30 billion in total assets.

* * * * *

§ 5.34 [Amended]

11. Amend § 5.34 by:

- a. In paragraph (f)(2)(i) introductory text adding the phrase “a covered community bank or is both” after the phrase “a national bank that is”; and
- b. In paragraph (f)(6) introductory text “a covered community bank or is both” after the phrase “if the bank is”.

§ 5.35 [Amended]

12. Amend § 5.35(f)(2)(ii)(A) by adding the phrase “a covered community bank or covered community savings association or is both” after the phrase “national bank or Federal savings association is”.

§ 5.36 [Amended]

13. Amend § 5.36 by:

- a. In paragraph (e)(3) adding the phrase “a covered community bank or is both” after the phrase “that the bank is”; and
- b. In paragraph (h)(1) adding the phrase “a covered community bank or is both” after the phrase “national bank that is”.

§ 5.38 [Amended]

14. Amend § 5.38(f)(2)(ii)(A) by adding the phrase “a covered community savings association or is both” after the phrase “savings association is”.

§ 5.40 [Amended]

15. Amend § 5.40(c)(4) by removing the phrase “eligible bank or eligible savings association” and adding in its place the phrase “eligible bank, eligible savings association, covered community bank, or covered community savings association”.

§ 5.45 [Amended]

16. Amend § 5.45(g)(3) by removing the phrase “eligible savings association’s application” and adding in its place the phrase “application by an eligible savings association or covered community savings association”.

17. Amend § 5.46 by revising and republishing paragraph (i)(2) to read as follows:

§ 5.46 Changes in permanent capital of a national bank.

* * * * *

(i) * * *

(2) *Expedited review.* An application by an eligible bank or covered community bank is deemed approved by the OCC 15 days after the date the OCC receives the application described in paragraph (i)(1) of this section, unless the OCC notifies the bank prior to that date that the application has been removed from expedited review, or the expedited review process is extended, under § 5.13(a)(2). An eligible bank or covered community bank seeking to decrease its capital may request OCC approval for up to four consecutive quarters. The request need only specify a total dollar amount for the four-quarter period and need not specify amounts for each quarter. An eligible bank may

decrease its capital pursuant to such a plan only if the bank maintains its eligible bank status before and after each decrease in its capital. A covered community bank may decrease its capital pursuant to such a plan only if it maintains its covered community bank status before and after each decrease in its capital.

18. Amend § 5.47 by:

- a. Redesignating paragraph (f)(1)(i)(B) as paragraph (f)(1)(i)(C);
- b. Adding new paragraph (f)(1)(i)(B);
- c. Revising redesignated paragraph (f)(1)(i)(C);
- d. Redesignating paragraph (f)(2)(i)(B) as paragraph (f)(2)(i)(C);
- e. Adding new paragraph (f)(2)(i)(B); and
- f. Revising redesignated paragraph (f)(2)(i)(C).

The additions and revisions read as follows:

§ 5.47 Subordinated debt issued by a national bank.

* * * * *

(f) * * *

(1) * * *

(i) * * *

(B) *Covered community bank.* A covered community bank is required to receive prior approval from the OCC to issue any subordinated debt, in accordance with paragraph (g)(1)(i) of this section, if:

(1) The national bank will not continue to be well capitalized after the transaction;

(2) The OCC has previously notified the national bank that prior approval is required; or

(3) Prior approval is required by law.

(C) *National bank not an eligible bank or covered community bank.* A national bank that is not an eligible bank or covered community bank must receive prior OCC approval to issue any subordinated debt, in accordance with paragraph (g)(1)(i) of this section.

* * * * *

(2) * * *

(i) * * *

(B) *Covered community bank.* A covered community bank is required to receive prior approval from the OCC to prepay any subordinated debt that is not included in tier 2 capital (including acceleration, repurchase, redemption prior to maturity, and exercising a call option), in accordance with paragraph (g)(1)(ii) of this section, only if:

(1) The national bank will not continue to be well capitalized after the transaction;

(2) The OCC has previously notified the national bank that prior approval is required;

(3) Prior approval is required by law; or

(4) The amount of the proposed prepayment is equal to or greater than one percent of the national bank's total capital, as defined in 12 CFR 3.2.

(C) *National bank not an eligible bank or covered community bank.* A national bank that is not an eligible bank or covered community bank must receive prior OCC approval to prepay any subordinated debt that is not included in tier 2 capital (including acceleration, repurchase, redemption prior to maturity, and exercising a call option), in accordance with paragraph (g)(1)(ii) of this section.

* * * * *

19. Amend § 5.55 by:

a. Revising paragraph (e)(1)(i); and

b. In paragraphs (g)(1) introductory text and (g)(2)(i) adding the phrase “or covered community savings association” after the phrase “eligible savings association”.

The revision reads as follows:

§ 5.55 Capital distributions by Federal savings associations.

* * * * *

(e) * * *

(1) * * *

(i) The Federal savings association is:

(A) Not an eligible savings association or covered community savings association; or

(B) Is an eligible savings association or covered community savings association but would not continue to be well capitalized following the distribution;

* * * * *

§ 5.56 [Amended]

20. Amend § 5.56(b)(1)(ii) introductory text by adding the phrase “or covered community savings association” after the phrase “eligible savings association”.

§ 5.58 [Amended]

21. Amend § 5.58 by:

a. In paragraph (e)(3) adding the phrase “a covered community savings association or is both” after the phrase “that the Federal savings association is”; and

b. In paragraph (h)(1) adding the phrase “a covered community savings association or is both” after the phrase “Federal savings association that is”.

§ 5.59 [Amended]

22. Amend § 5.59(h)(2)(ii)(A) by adding the phrase “a covered community savings association or is both” after the phrase “savings association is”.

Jonathan V. Gould,
Comptroller of the Currency.