

September 3, 2015

Legislative and Regulatory Activities Division
Office of the Comptroller of the Currency
400 7th Street, SW
Mail Stop 9W-11
Washington, DC 20219

Robert deV. Frierson, Secretary
Board of Governors of the Federal Reserve System
20th Street and Constitution Avenue, NW
Washington, DC 20551

Robert E. Feldman
Executive Secretary
Attention: Comments, FDIC
550 17th Street, NW
Washington, DC 20429

**Re; Docket ID FFIEC-2014-0001-0081
EGRPRA, Docket No. OP-1491**

Dear Ladies and Gentlemen:

We write to you as a follow-up to our letter dated September 2, 2014 in which we responded to the request for public comment by your agencies regarding a review of your regulations to identify outdated, unnecessary or unduly burdensome regulations for insured depository institutions. A copy of our submission is attached. The review is required by section 2222 of the Economic Growth and regulatory Paperwork Reduction Act of 1996 (EGRPRA).

The American Association of Bank Directors (“AABD”) is the only nonprofit trade association in the United States solely devoted to interests of bank directors and their information, education, and advocacy needs.

In our letter dated September 2, 2014 (enclosed), we noted that in the first decennial review under EGRPRA in 2006, the agencies failed to reduce the overwhelming regulatory burdens placed on bank directors. In that letter, we identified approximately 50 provisions in OCC regulations affecting bank directors, 38 provisions in FDIC regulations, 37 provisions in Federal Reserve regulations, and 18 provisions in OTS regulations (now OCC regulations).

Page Two
September 3, 2015

These regulations were cited and described on pages 182-198 in our publication entitled "Bank Director Regulatory Burden Report (2014 Edition), previously provided to you. A copy of those pages is attached to this letter.

With a few exceptions, these provisions are not listed in the Federal Register as being reviewed pursuant to EGRPRA.

In addition, our September 2, 2014 letter pointed out that many of the agency promulgations that we and our members view as unnecessary and/or unduly burdensome (whether individually or in the aggregate) are labeled "guidance" and excluded from your EGRPRA review. See Category 8 of the matters that the agencies include in their EGRPRA review. (FFIEC webpage listing "Regulations under Review" at <http://egrpra.ffiec.gov/regulations-under-review/regulations-under-review-index.html>).

It has been nearly a year since submission of our September 2, 2014 letter on this same topic, but your agencies continue to exclude agency guidance from the scope of your EGRPRA review. Although labeled "guidance," such promulgations frequently have the same supervisory and regulatory weight as duly adopted regulations and can be similarly burdensome and/or unnecessary. We believe it is critical that these promulgations of guidance be addressed in the EGRPRA review.

First, as we noted in our 2014 comment letter and our publication entitled "Bank Director Regulatory Burden Report" (2014 edition), it is a substantial omission not to include these guidance issuances in the EGRPRA review. There are over 225 separate OCC guidance statements that directly impose responsibilities on bank directors, 180 such FDIC guidance statements and 140 Federal Reserve guidance statements. Because these guidance statements often substantially impact the operations of banking organizations in ways similar or identical to formal regulations, and because they are so numerous, it is vital that they be addressed in the EGRPRA review.

Second, the sheer volume and breadth of the regulatory pronouncements to which bank directors are subject forces bank boards of directors to address minutia and perform management functions that divert attention from their fundamental responsibilities of exercising their good faith judgment to meet their duties of care and loyalty.

Third, shining the light of public comment on such issuances through the EGRPRA review would have constructive and beneficial benefits for both the industry and the agencies. That "guidance" can be improved through public comment process is amply demonstrated by the experience of the OCC in its initial publication and final issuance of its guidance on Heightened Risk Management Expectations. By using the public comment process, the OCC received and heeded input from the industry, including AABD, and revised its original proposal to relieve

Page Three
September 3, 2015

bank directors from many of the burdens and responsibilities more rightly assignable to management. See: <http://aabd.org/occs-heightened-risk-management-guidelines-bank-directors-due-process/>. Similar benefits for both the banking industry and the federal agencies would result from following the same public comment procedures with respect to the many regulatory guidance promulgations of the federal banking agencies.

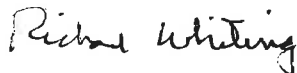
Since our comment letter of September 2, 2014, the agencies have continued to issue “guidance” that impose new or expanded burdens on bank directors. See, for example, the FFIEC Cybersecurity Assessment Tool adopted in June 2015, which details the role of a bank board of directors in supervising cybersecurity policies and procedures.

We agree with the observations of Federal Reserve Governor Daniel Tarullo, who stated in a speech in June of 2014 the following:

...Boards must of course...help ensure that good corporate governance compliance systems are in place. But it has perhaps become a little too reflexive a reaction on the part of regulators to jump from the observation that a regulation is important to the conclusion that the board must certify compliance through its own processes. We should probably be somewhat more selective in creating the regulatory checklist for board compliance and regulatory consideration...There are some MRAs that clearly should come to the board’s attention, but the failure to discriminate among them is almost surely distracting from strategic and risk-related analyses and oversight by boards.

Our September 2, 2014 submission identified many other reasons for inclusion of regulatory guidance promulgations in your EGRPRA review and provided specific recommendations for the agencies to correct the problems created by these guidance issuances. We request that our prior submission as well as this letter be incorporated in the record of your EGRPRA review.

Sincerely,



Richard M. Whiting
Executive Director



David Baris
President

Enclosure