



October 30, 2024

VIA E-MAIL ONLY

Chief Counsel's Office,
Attention: Comment Processing,
Office of the Comptroller of the Currency
400 7th Street SW,
Suite 3E-218,
Washington, DC 20219

Ann E. Misback,
Secretary,
Board of Governors of the Federal Reserve System
20th Street and Constitution Avenue NW,
Washington DC 20551

James P. Sheesley,
Assistant Executive Secretary,
Attention: Comments/Legal OES (EGRPRA),
Federal Deposit Insurance Corporation,
550 17th Street NW,
Washington, DC 20429

RE: Regulatory Publication and Review Under the Economic Growth and Regulatory Paperwork Reduction Act of 1996; RIN 3064-ZA39

To Whom It May Concern,

The Wisconsin Bankers Association (WBA) is the largest financial trade association in Wisconsin, representing nearly 200 state and nationally chartered banks, savings banks, and savings and loan associations of all sizes located in Wisconsin, their branches, and over 30,000 employees. WBA appreciates the opportunity to comment on the Office of the Comptroller of the Currency, Treasury; Board of Governors of the Federal Reserve System, and Federal Deposit Insurance Corporation's (collectively, the agencies) review of agency regulations to identify outdated or otherwise unnecessary regulatory requirements (review).

The agencies have undertaken this review pursuant to the requirements of the Economic Growth and Regulatory Paperwork Reduction Act of 1996 (EGRPRA). Over approximately two years, the agencies will publish four Federal Register documents requesting comment on multiple categories of regulations. In this review, the agencies comment on regulations in the categories of Consumer Protection; Directors, Officers, and Employees; and Money Laundering. WBA submits the following comments to assist with the EGRPRA regulatory review process of evaluating regulations and to identify opportunities for burden reduction.

Consumer Protection

When reviewing regulations within the category of "Consumer Protection," and in contemplation of any future rulemaking within this category, WBA urges the agencies to work together to ensure consistency in their approach. Wisconsin banks are committed to adhering to consumer protection regulations, and compliance is a priority. Through this review process, we encourage the agencies to consider steps to assist through streamlining, simplification, and true, impactful



burden reduction.

Directors, Officers, and Employees

Within the category of “Directors, Officers, and Employees,” Regulation O is in need of simplification and streamlining. As currently written, Regulation O is overly complicated and difficult for banks to implement, and confusing for compliance staff to understand. Additionally, officers and directors of banks often find the rules bewildering and difficult to comply with. At a minimum, Regulation O would benefit from a restructuring as navigating the regulation can feel maze-like, with references and cross-references throughout making it overly difficult to understand what are ultimately simple concepts at their core. Specifically, the rules on prior approval of extensions of credit, on additional restrictions on loans to executive officers, and the definition of what is an “extension of credit” would benefit from simplification. For example, “extension of credit” is a significant term to Regulation O, but due to how it is defined in relation to other dependent definitions, and how the regulation is structured, it is difficult to intuitively grasp its nature within the scope of what the rule requires.

In addition to overall restructuring and simplification of Regulation O, it’s past due that the agencies revisit the loan limitation thresholds. For instance, the \$100,000 aggregate credit limit to an executive officer in Section 215.5 should be raised to \$250,000 to reflect the changes to the costs of living since the regulation was enacted. It may also be worth the agencies considering easing some of the requirements for community banks with CAMELS composite ratings of “1” or “2” and management ratings of not lower than “2.” WBA also recommends that the agencies should issue a Regulation O summary chart to capture the limitations on loans to various types of insiders in an easy comprehensive way, with cross references to Federal Reserve Regulation W.

Money Laundering

In the category of “Money Laundering” WBA similarly recommends threshold adjustments for BSA reporting requirements. The banking industry strongly supports the goals of BSA and Wisconsin banks are committed to doing all they can to help combat financial crimes. However, the regulatory demand of these regulations has increased significantly over the years. WBA has heard from numerous banks that have, over the years, had to increase its compliance staff, increase the amount of SARs and CTRs filed, exempt person reports, struggle to meet the demands of increasing difficulty for know your customer standards as technologies and impersonation techniques improve, and the new CDD rule and BOI rule. The latter of which while not burdening banks directly, has pushed customers to seek assistance from their banks when they don’t understand the rule. In this regard, BSA/AML requirements are particularly outdated. Any changes to update them in ways that make them more efficient, would be welcome. In particular, banks need to know that they will have the flexibility in order to tailor their policies and procedures effectively toward their customer base, level of operation, staffing, and products.

WBA would strongly recommend raising the CTR and SAR thresholds. The CTR threshold was set in 1970, and should increase from \$10,000 to \$30,000 and continue to be re-evaluated with a calculation tied to inflation. Similarly, the current SAR threshold remains unchanged since 1992, and should be increased from \$5,000 to \$10,000. Not only do the current thresholds create burden due to overfilling, it also lessens their value to law enforcement.

Conclusion

WBA appreciates the opportunity to comment on the EGRPRA process and offer the above



recommendations. WBA hopes the agencies will continue to work with the industry to keep mounting costs and regulatory burdens in mind.

Once again, WBA appreciates the opportunity to comment.

Respectfully,



Rose Oswald Poels
President/CEO