



AGENCIES ISSUE JOINT STATEMENT SIGNALING THE IMPLEMENTATION OF DODD-FRANK REFORM

Late last Friday the Banking Agencies issued a Joint Statement giving guidance on how it will implement those sections of the regulatory relief Act ('the Act') that most affect banks organized in the mutual form. The Joint release covered a number of different areas the most pertinent to banks organized in the mutual form including guidance that the Agencies will conform their interpretations to those Sections of the law amended by the Act. For example the Agencies acknowledged that they will follow the Act's amended definition of "covered institution" for purposes of enforcing the Volker rule, will require increased risk weighting for High Volatility Commercial Real Estate loans only if they are ADC loans, will take no action with regard to banks treating municipal obligations as high value liquid assets, increase the exam cycle for banks rated 2 or better and with assets up to \$3 billion and finally relieve appraisal requirements for real estate loans in rural areas under \$ 400,000.

There are still important implementing rules that the release did not address. For example the FRB has yet to offer any guidance as to how it will administer the small bank holding company consolidated capital exemption. The OCC and the FRB have not indicated how they will reconcile the provisions of the Flex Act and the QTL requirements. We expect a regulatory proposal by the OCC clarifying the operation of these two statutory provisions in a manner which will give full effect to the Flex Act. We will continue to promote a result that gives full effect to Congressional intention.

ABA CHAIRMAN ELECT TOM FRASER QUOTED IN AMERICAN BANKER NEWS ON SMALL BANK COLLABORATION

In a recent Article in the American Banker Newspaper Tom Fraser discussed the potential benefits in small mutual collaborating together to reduce compliance and technology costs. He described his experience in welcoming small mutuals under \$100 million in assets as affiliates of First Federal's mutual holding company. He also offered other ideas to reduce costs such as in joint investments in service corporations offering specialty services. We will be exploring new ideas of how to reduce certain significant costs in our forthcoming meetings.

REPORTS CONTINUE TO EMERGE THAT MERGER OF FINANCIAL SERVICES ROUNDTABLE AND CLEARING HOUSE ASSOCIATION CAUSE DIVISIONS AMONG LARGE INVESTMENT BANKS AND COMMERCIAL BANKS

Recent press reports and staff comments indicate that some equals are less equal than others. Early reports were that Morgan Stanley, Credit Suisse and Goldman Sachs were being excluded from the merged trade group. Speculation still abounds on what impact the merger will have on the ABA's orientation to big bank issues. Many of the ABA's largest members are Roundtable and Clearing House members. Reports are that the big banks are less than jubilant on the lack of meaningful legislative progress in this Congress and seeking a consensus on how to deal with the Trump Administration.

AMB SCHEDULING MEETINGS WITH NEW AGENCY HEADS

With the confirmation of the Trump Administration appointed banking agency heads, the AMB is in the process of scheduling meetings for our membership with the new agency leaders . We will keep you informed when these meeting are scheduled and urge your attendance.