



Mutual Alert

2022's First MSAAC Host to Encouraging Discussion on Mutual Resources, OCC Reorganization

The first MSAAC meeting of 2022 included several important agenda items: an update on the OCC internal reorganization, mutual corporate governance resources, the status of the MSAAC charter, and other OCC initiatives.

OCC Internal Reorganization

OCC staff reviewed the recently announced internal reorganization, effective October 1 2022. The OCC will create a new Risk, Resources, and Examiner Development Unit comprising subject matter experts to expand resources and centralize the scheduling of specialist examiners. Furthermore, the OCC will implement specialized supervisory portfolios overseeing technology service providers, and novel banks. Additionally, midsize community bank supervision will now include the supervision of trust banks. The goal of these changes is improve supervision of novel banks, digital banks, and non-bank entities. This structure also allows subject matter experts to be located across the country as opposed to certain field offices.

Mutual Corporate Governance

Committee members expressed a desire for more materials tailored specifically to mutual corporate governance, matching the number and detail of OCC materials that discuss stock and commercial bank governance. Members also discussed creating provisions to guard against activist investors and corporate raiders. These documents could serve to better prepare OCC examiners for mutual bank examinations while also building mutual board governance capacity and understanding. Additionally, members suggested a collaborative examiner training process where mutual executives could provide input on important areas, processes, and procedures to keep in mind during mutual examinations. OCC staff noted that the upcoming Mutual Summit

will be hybrid format and that they would be open to extending invitations to board members and other high level staff of mutuals.

CRA and Compliance

Donna Murphy, Deputy Comptroller for Compliance and Risk, discussed recent CRA developments including rescinding the 2020 CRA rule in favor of the original 1995 version, as the 2020 rule eliminated the distinct provisions for national banks and FSAs. A new CRA rule will be proposed in the coming year and is expected to reflect new charter types and ownership structures.

MSAAC Charter

OCC Staff alerted the committee that MSAAC Charter renewal is being reviewed by the Treasury, the last step in the renewal process. All indicators suggest the charter will be renewed once again. Once renewed, new members will be solicited and existing members should nominate colleagues who would be a good fit for the committee. Several members suggested including language that refers to “political subdivisions” rather than counties given that some states do not use a county system. OCC staff noted that if not included in the initial rule, this should be suggested during the open comment period.

The MSAAC membership and nomination process is as follows:

- Members are eligible for 2 terms of 2 years each, before rolling off the committee
- Members who have not termed out can re-nominate themselves

Member Roundtable and Discussion with Acting Comptroller Hsu

Acting Comptroller Hsu restated his commitment to providing support and guidance to mutuals, as well as noting that mutuals represent “the best of banking.” He also addressed stablecoins and a potential CBDC, noting that both were in very early stages of adoption. Stablecoins are predominantly held by investors and traders, not by individuals looking for alternatives to the existing payment system. As for the CBDC, he suggested looking at the current two-tiered system in China for one potential way to mitigate risks to small institutions.

Mr. Hsu also discussed the OCC’s approach to climate change. He framed the OCC’s stance as one of risk-management, which would begin only for banks with over \$100 billion in assets. However, he also suggested mutuals and smaller banks use the next few years to invest in technology and infrastructure to assess climate risk exposure to prepare for future examinations.

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