Regulatory Analysis Form

(Completed by Promulgating Agency)

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INDEPENDENT REGULATORY REVIEW COMMISSION

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(1) Agency Department of Banking and Securities	
(2) Agency Number: 3 Identification Number: 51	IRRC Number: 3021

(3) PA Code Cite:

10 Pa. Code Chapter 5

(4) Short Title:

Assessments

(5) Agency Contacts (List Telephone Number and Email Address):

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(6) Type of Rulemaking (check applicable box):	
X Proposed Regulation ☐ Final Regulation ☐ Final Omitted Regulation	☐ Emergency Certification Regulation; ☐ Certification by the Governor ☐ Certification by the Attorney General

(7) Briefly explain the regulation in clear and nontechnical language. (100 words or less)

The Department of Banking and Securities proposes to adopt Chapter 5 to read as set forth in Annex A under the authority of Section 503(a) of the Credit Union Code, 17 Pa.C.S. § 503(a), and Sections 202.C and 204.A of the Department of Banking and Securities Code, 71 P.S. §§ 733-202.C, 733-204.A. The purpose of this rulemaking is to adopt Chapter 5 to implement an assessment schedule for state-chartered institutions which would provide adequate and sustainable funding for the Department and streamline reporting and billing requirements on state-chartered institutions.

(8) State the statutory authority for the regulation. Include specific statutory citation.

Section 503(a) of the Credit Union Code (17 Pa.C.S. § 503(a))(regulation of credit unions by the Department); and Sections 202.C and 204.A of the Department of Banking and Securities Code (71 P.S. §§ 733-202.C (promulgation of rules and regulations) and 733-204.A (assessment of expenses of Department upon institutions)).

(9) Is the regulation mandated by any federal or state law or court order, or federal regulation? Are there any relevant state or federal court decisions? If yes, cite the specific law, case or regulation as well as, any deadlines for action.

The regulation is not mandated by any federal or state law or court order, or federal regulation. There are no relevant state or federal court decisions.

(10) State why the regulation is needed. Explain the compelling public interest that justifies the regulation. Describe who will benefit from the regulation. Quantify the benefits as completely as possible and approximate the number of people who will benefit.

The proposed rulemaking is necessary to ensure the sustainability of the Banking Fund, a restricted special fund established under Section 1113-A of the Department of Banking and Securities Code, 71 P.S. § 733-1113-A, which provides that the expenses of the Department shall be covered by the state-chartered institutions and non-securities licensees within the Department's oversight. The current assessment schedules are outdated and do not accurately reflect the Department's costs to regulate the state-chartered institutions under its jurisdiction across a full spectrum of economic cycles and conditions. The Banking Fund provides the majority of the funding for the Department, and due to antiquated assessment schedules last updated in the 1990s, coupled with the removal of approximately $15 million from the fund by the legislature in FY 08-09 (denoted by the asterisk in Table 1 below), the Banking Fund has become unsustainable.

Table 1
Comparative Financial Statement of Banking Fund from FY 2006-07 to 2011-12

	FY 2006-07	FY 2007-08	FY 2008-09*	FY 2009-10	FY 2010-11	FY 2011-12
Beginning Balance	28,648,000	30,461,000	28,785,000	9,842,000	8,681,000	10,951,000
Total Receipts	19,817,000	17,084,000	17,979,000	19,898,000	23,108,000	21,388,000
Total Funds Available	48,465,000	47,545,000	46,764,000	29,740,000	31,789,000	32,339,000
Expenditures	18,004,000	18,760,000	36,922,000	21,059,000	20,838,000	21,354,000
Ending Balance	30,461,000	28,785,000	9,842,000	8,681,000	10,951,000	10,985,000

In Table 1, Beginning Balance is the actual balance of the Banking Fund at the beginning of a given fiscal year. Total Receipts is the receipts brought in to the Department for the given fiscal year. Total Funds Available reflects the sum of Beginning Balance and Total Receipts for the given fiscal year. The Expenditures row is the actual expenditures from the Banking Fund. Therefore, the Ending Balance for any given fiscal year is the Total Funds Available minus the Expenditures.

As shown in Table 1, the Banking Fund was relatively healthy, despite the current assessment rates, prior to FY 08-09. This was primarily due to the significant increase in licensing revenue during the housing bubble of the early 2000s, which brought in increased mortgage licensing fees from the booming mortgage industry. However, even in the early 2000s, the 1990s assessment schedules were proving to be a problem for the long-term sustainability of the Banking Fund, because the Department's costs to regulate the state-chartered institutions under its jurisdiction were increasing, causing the Banking Fund to begin to decline.

Then, in FY 08-09, due to severe budget restraints, the General Assembly appropriated $15 million from the

Banking Fund to the General Fund. The removal of this $15 million from the Banking Fund, coupled with the antiquated 1990s assessment schedules, the collapse of the mortgage industry and its associated licensing revenue and the overall decline in bank assets as a result of the financial crisis and recession, immediately accelerated the decline in the sustainability of the Banking Fund. The Department worked diligently to address this issue, initially by reducing costs where appropriate and "right-sizing" the agency. However, it is clear to the Department that the current assessment schedules must be updated to more accurately reflect the cost of regulation of its state-chartered institutions and to stabilize the Banking Fund in preparation for future economic stress periods.

Table 2 shows that the pattern of substantial losses will continue if the proposed rulemaking is not adopted, resulting in a negative balance for the Banking Fund as early as FY 15-16. The Department utilized the same calculation method in Table 2 as it did in Table 1. Currently, the Department assesses each state-chartered institution semi-annually for a portion of the Department's expenses. The Department then direct bills each state-chartered credit union and state-chartered trust company for the costs of any examinations performed during the fiscal year (examination-based billing). The values in Table 2 assume a continuation of the current assessment rates of each state-chartered institution, but do not factor in examination-based billing because that number fluctuates each fiscal year. The examination-based billing cost is impossible to accurately project because the Department does not examine every state-chartered credit union and state-chartered trust company every fiscal year.

Table 2
Comparative Financial Statement of Banking Fund <u>without</u> Proposed Rulemaking

	FY 2011-12	FY 2012-13	FY 2013-14	FY 2014-15	FY 2015-16	FY 2016-17
Beginning Balance	10,951,000	10,985,000	11,044,000	6,601,000	2,158,000	(2,285,000)
Total Receipts	21,388,000	21,408,000	18,269,000	18,269,000	18,269,000	18,269,000
Total Funds Available	32,339,000	32,393,000	29,313,000	24,870,000	20,427,000	15,984,000
Expenditures	21,354,000	21,349,000	22,712,000	22,712,000	22,712,000	22,712,000
Ending Balance	10,985,000	11,044,000	6,601,000	2,158,000	(2,285,000)	(6,728,000)

As shown in the Ending Balance row in Table 2, without adequate and sustainable funding, the Department will be unable to meet its statutory mandates to oversee the state-chartered institutions under its jurisdiction as early as FY 15-16. If the Banking Fund becomes insolvent by FY 15-16, the Department would be required to seek funding from other sources, such as the General Fund, and to make cuts in operations. Because of the depth of the deficit, those cuts in operation would be so drastic as to result in the Department failing to meet statutory mandates to regulate its state-chartered institutions.

The proposed rulemaking incorporates a long overdue increase in assessments on state-chartered institutions. The Department last changed its rate of assessment of state-chartered credit unions in April 1990, state-chartered banking institutions in January 1994 and state-chartered trust companies in January 1997. Given the increase in supervisory mandates over the years, it costs more to regulate then it did in the 1990s. The regulation also eliminates examination-based billing for state-chartered credit unions and state-chartered trust companies. Examination-based billing creates an unpredictable cost for each state-chartered credit union and state-chartered trust company every year, because these institutions cannot reasonably budget for their regulatory costs since the examination schedule fluctuates. The regulation would provide adequate resources to the Department to engage in thorough examinations or investigations when necessary and would restore the financial health of the Banking Fund.

As shown in Table 3, the projected financial statement of the Banking Fund for the next 5 years with the adoption of the proposed rulemaking reflects adequate and sustainable funding. The Department utilized the same calculation method in Table 3 as it did in Table 1 and 2. Adequate and sustainable funding will ensure that the Department's regulatory functions related to its state-chartered institutions remain self-funded and that the Department's statutory oversight mandates are met.

Table 3
Comparative Financial Statement of Banking Fund with Proposed Rulemaking

	FY 2011-12	FY 2012-13	FY 2013-14	FY 2014-15	FY 2015-16	FY 2016-17
Beginning Balance	10,951,000	10,985,000	11,044,000	6,601,000	4,937,000	5,286,000
Total Receipts	21,388,000	21,408,000	18,269,000	21,843,000	24,679,000	27,517,000
Total Funds Available	32,339,000	32,393,000	29,313,000	28,444,000	29,616,000	32,803,000
Expenditures	21,354,000	21,349,000	22,712,000	23,507,000	24,330,000	25,182,000
Ending Balance	10,985,000	11,044,000	6,601,000	4,937,000	5,286,000	7,621,000

Table 3 assumes the adoption of this proposed rulemaking with a three-fiscal-year phase in for state-chartered trust companies and state-chartered banking institutions and immediate implementation for state-chartered credit unions. Table 3 does not factor in examination-based billing because it would be eliminated.

As demonstrated by Table 3, the proposed rulemaking will adequately sustain the Banking Fund in a manner which accurately reflects the increases in the oversight costs for the state-chartered institutions. The projected revenues from the assessments would permit the Department to continue to adjust to changing economic climates as well as to heightening and emerging risks, such as cyber-attacks on institutions. Despite the increased assessments, for almost all the effected state-chartered banking institutions, the actual costs to those institutions remains significantly less as state-chartered institutions than the cost of oversight would be to them if they chose to convert to a federally-chartered institution. As an additional longer-term sustainability feature, should circumstances arise where the assessment schedules are not providing appropriate current and expected future funding, the regulation provides that the Department may adjust the assessments to reflect any increase in the Consumer Price Index indicated by the "Consumer Price Index- All Urban Consumers: U.S. All Items 1982-84=100" published by the United States Department of Labor Bureau of Labor Statistics, or other similar index published by the United States Department of Labor Bureau of Labor Statistics. The "Consumer Price Index- All Urban Consumers: U.S. All Items 1982-84=100" published by the United States Department of Labor Bureau of Labor Statistics is the same index used by the Department to annually calculate the inflation adjustment to the "base figure" under the Loan Interest and Protection Law.

Although the proposed regulation must fund the Department, it also provides a benefit to the regulated community. These changes will simplify the assessment process, reduce the burden of compliance and provide an element of financial certainty to the Department's 221 state-chartered institutions. Because many of the Department's state-chartered institutions are community-based institutions, the Department attempts to reduce oversight costs where possible in order for those institutions to continue to serve the needs of their customers.

It is in the public interest that state-chartered institutions, used daily by consumers and businesses, encounter a minimal amount of unknown expenses as those institutions work to adhere to the Department's overarching financial safety and soundness requirements. The Department, the state-chartered institutions and the public will benefit because the regulation will prevent a state-chartered institution from unexpectedly declining into an unsafe or unsound position due to an inability to budget for the costs of oversight by the Department.

(11) Are there any provisions that are more stringent than federal standards? If yes, identify the specific provisions and the compelling Pennsylvania interest that demands stronger regulations.

There are no provisions in the regulation that are more stringent than federal standards.

(12) How does this regulation compare with those of the other states? How will this affect Pennsylvania's ability to compete with other states?

Comparison to Other States

Each state uses its own method to recover the costs associated with overseeing state-chartered institutions. Typically, states recover these costs in one of two ways, through: (1) assessments, which can be billed annually, semi-annually or quarterly or (2) examination-based billing, which reflects the costs incurred while examining a state-chartered institution. Some states only assess state-chartered institutions, other states bill based on examination costs and some states do a combination of both depending on the specific state law. The below chart reflects how many states use each of these methods.

	Assessment	Examination-based	Combination	Other
Credit Unions	29	3	12	6
Trust Companies	12	14	24	0
Banking Institutions	21	0	29	0

Of the 6 states in the "Other" column, 4 states rely, in pertinent part, on general tax revenue to supervise credit unions and the remaining 2 states have no state-chartered credit unions. Currently, Pennsylvania is counted in the "Combination" column for state-chartered credit unions and state-chartered trust companies and in the "Assessment" column for state-chartered banking institutions. If the proposed rulemaking is adopted, Pennsylvania will solely be counted in the "Assessment" column for all three types of state-chartered institutions. From a national accreditation "best practices" perspective, it is generally recommended that state regulators use an assessment-only approach, as it provides the best level of transparency and predictability of assessment amounts for both the regulator and the regulated entities.

Ability to Compete

The regulation will not affect Pennsylvania's ability to compete with other states. A Pennsylvania state-chartered institution covered under this regulation rarely converts its charter to an out-of-state charter. The Department competes more directly with federal regulatory authorities, the Office of the Comptroller Currency (OCC) for banking institutions and trust companies and the National Credit Union Association

(NCUA) for credit unions, for chartered institutions than it does with other state regulators.

In the past 10 years, only 3 state-chartered institutions converted from an out-of-state charter to a Pennsylvania charter or from a Pennsylvania charter to an out-of-state charter. These three conversions involved (a) a banking institution converting from a New Jersey charter to a Pennsylvania charter, (b) a trust company converting from a New Jersey charter to a Pennsylvania charter and (c) a banking institution converting from a Pennsylvania charter to a New Jersey charter. All three institutions chose to convert charters because of factors related to the institutions' geographical bases of operations, executive management, employees, branches, assets and customer bases. In the past 10 years, no Pennsylvania state-chartered credit unions converted charters to an out-of-state charter nor have any out-of-state chartered credit unions converted to a Pennsylvania charter. Departmental history reflects that the method of assessment by state regulators has not caused any Pennsylvania state-chartered institutions to convert to an out-of-state charter or any out-of-state chartered institutions to convert to a Pennsylvania charter.

In contrast, there have been 44 charter conversions involving either a state charter to a federal charter or a federal charter to a state charter in the past 10 years. These types of conversions are more common because they can occur without the institution changing its name, physical location or customer base. During the past 10 years, 6 banking institutions; 2 credit unions (one additional conversion is pending as of the date of this submission); and no trust companies have converted from a Pennsylvania charter to a federal charter. Conversely, 35 banking institutions (one additional conversion is pending as of the date of this submission); 1 credit union; and no trust companies converted from a federal charter to a Pennsylvania charter during that same time period.

The Department considered its ability to compete with the federal regulatory authorities when drafting this regulation. This regulation assesses Pennsylvania state-chartered institutions based on similar time and manner criteria as the OCC 2013 Assessment Schedules and NCUA 2013 Assessment Schedule. For almost all of the state-chartered institutions, the resulting financial obligation is less under this regulation than if a state-chartered institution converted to a federal charter. As an example, on average this regulation assesses state-chartered credit unions at a rate that is 95% of the NCUA's assessments and state-chartered trust companies and banking institutions at a rate that is 50-55% of the OCC assessments at full implementation.

(13) Will the regulation affect any other regulations of the promulgating agency or other state agencies? If yes, explain and provide specific citations.

The regulation will not affect any other regulations of the Department or other state agencies.

(14) Describe the communications with and solicitation of input from the public, any advisory council/group, small businesses and groups representing small businesses in the development and drafting of the regulation. List the specific persons and/or groups who were involved. ("Small business" is defined in Section 3 of the Regulatory Review Act, Act 76 of 2012.)

The Department discussed the draft regulation extensively with the Pennsylvania Bankers Association, the Pennsylvania Association of Community Bankers and the Pennsylvania Credit Union Association pursuant to Executive Order 1996-1. The Pennsylvania Bankers Association, the Pennsylvania Association of Community Bankers and the Pennsylvania Credit Union Association represent the interests of the small businesses (as defined in Section 3 of the Regulatory Review Act, Act 76 of 2012) affected by this regulation, in their respective industries.

The Department invited the input of the 17 individual trust companies regulated by the Department, 8 of which are considered small businesses as defined in Section 3 of the Regulatory Review Act, Act 76 of 2012. Currently, no trade association solely represents the interests of these 17 trust companies.

(15) Identify the types and number of persons, businesses, small businesses (as defined in Section 3 of the Regulatory Review Act, Act 76 of 2012) and organizations which will be affected by the regulation. How are they affected?

The regulation will not affect any individual persons or organizations.

The regulation will affect all 221 Pennsylvania state-chartered banking institutions which consist of three groups: 59 state-chartered credit unions, 17 state-chartered trust companies and 145 state-chartered banking institutions. Section 3 of the Regulatory Review Act, Act 76 of 2012, defines a small business "in accordance with the size standards described by the Small Business Administration's small business size regulations under 13 CFR CH. 1 Part 121." *See* 71 P.S. § 745.3. The Small Business Administration's regulations reference the small business size standards established by the NAICS Industry Classification System ("System").

The System classifies banking institutions and credit unions as small businesses if the entities have less than $175 million in assets. *See* 13 CFR § 121.201, NAICS Nos. 522110 & 522130. The assets of banking institutions and credit unions are determined "by averaging the assets reported on its four quarterly financial statements for the preceding year. 'Assets' for the purposes of this size standard means the assets defined according to the Federal Financial Institutions Examination Council 034 call report form." *Id.* at footnote 8. Applying this classification to Pennsylvania state-chartered banking institutions and credit unions, 38 state-chartered banking institutions and 51 state-chartered credit unions are considered small businesses, as they have less than $175 million in average assets as of December 31, 2012.

The System classifies trust companies as small businesses if the companies have less than $7 million in annual receipts. *Id.*, NAICS No. 523991. Applying this classification to Pennsylvania state-chartered trust companies, 8 state-chartered trust companies are considered small businesses, as they have less than $7 million in annual receipts as of December 31, 2012.

Because all state-chartered banking institutions, credit unions and trust companies will be required to follow the assessment schedule set forth in the regulation, there is no adverse effect on the state-chartered institutions that are considered small businesses.

(16) List the persons, groups or entities, including small businesses, that will be required to comply with the regulation. Approximate the number that will be required to comply.

In total, 221 state-chartered institutions, 97 of which are small businesses, will be required to comply with the regulation. Of those 221 state-chartered institutions, 59 are state-chartered credit unions, 51 of which qualify as small businesses; 17 are state-chartered trust companies, 8 of which qualify as small businesses; and 145 are state-chartered banking institutions, 38 of which qualify as small businesses.

(17) Identify the financial, economic and social impact of the regulation on individuals, small businesses, businesses and labor communities and other public and private organizations. Evaluate the benefits expected as a result of the regulation.

There is no negative financial impact anticipated on individuals, labor communities and other public and private organizations as a result of this regulation. There will be a financial impact on businesses and small businesses, specifically the state-chartered banking institutions, credit unions and trust companies which will be required to comply with the regulation. The regulation increases, for the first time since the 1990s, the monetary amount state-chartered institutions pay in assessments to compensate the Department for the full costs associated with its broad range of regulatory activities.

There is no negative economic impact anticipated on individuals, small businesses, business and labor communities and other public and private organizations as a result of this regulation.

There is no social impact anticipated on individuals, small businesses, business and labor communities and other public and private organizations as a result of this regulation.

Other than the necessary effects for the Department, the Department expects the following benefits as a result of the regulation. Specifically:

a. *Increased assessment certainty for state-chartered credit unions and state-chartered trust companies*. The elimination of the obligation to pay for direct examination costs, coupled with the set assessment schedule in the regulation, will simplify the calculation of the monies state-chartered credit unions and state-chartered trust companies must budget to pay for Department oversight. Pennsylvania's state-chartered institutions navigated the financial crisis of 2008 relatively well, but current economic conditions require that Pennsylvania's state-chartered institutions incur as few unanticipated expenses as possible in order to continue to aid compliance with Department and federal "safety and soundness" standards. Because the assessments are increasing, the regulation incorporates a three-fiscal-year implementation schedule for state-chartered trust companies and state-chartered banking institutions so as to lessen the immediate impact on the budgets of those institutions. The Department is implementing the assessment changes immediately for its state-chartered credit unions because the collective impact on the budgets of the state-chartered credit unions will be modest.

b. *Equalization of the method of assessing all state-chartered institutions*. Currently, state-chartered credit unions and state-chartered trust companies pay an annual assessment and an examination bill. State-chartered banking institutions pay an annual assessment. The regulation will eliminate examination-based billing for the state-chartered credit unions and the state-chartered trust companies, thereby assessing all state-chartered institutions in the same annual assessment manner.

c. *Streamlining of reporting requirements and bill processes*. The regulation uses a reporting method already required to be filed for federal purposes to calculate the assessments. In addition, the replacement of the examination-based billing will eliminate billing paperwork for both the Department and the state-chartered institutions resulting in savings for both.

(18) Explain how the benefits of the regulation outweigh any cost and adverse effects.

The benefit of the regulation is that the increased revenues to the Department will ensure the continued sustainability of the Banking Fund and the ability of the Department to meet its statutory oversight mandates in its historical high-quality service manner. The benefit outweighs the increased cost to the regulated community because even though the regulated community has not seen an increase in assessment from the Department since the 1990s, the Department has incorporated a phase-in period and eliminated the burden of examination-based billing entirely. In addition, the Department is able to set its assessment schedule lower than the assessment schedule of federal regulators.

(19) Provide a specific estimate of the costs and/or savings to the **regulated community** associated with compliance, including any legal, accounting or consulting procedures which may be required. Explain how the dollar estimates were derived.

This regulation will not require the regulated community to incur any additional costs associated with compliance. The state-chartered credit unions, state-chartered trust companies and state-chartered banking institutions already pay money to the Department to compensate it for the costs of oversight under a similar assessment model. This regulation will increase the amount of that payment in the collective approximately by $3,550,000 in FY 2014-15, $6,386,000 in FY 2015-16, $9,224,000 in FY 2016-17 and $9,739,000 in FY 2017-18 over what will be collected in FY 2012-13.

There are no specific anticipated savings for the regulated community associated with compliance with the regulation. The elimination of examination-based billing will likely result in savings to the regulated community associated with compliance, but that savings cannot be properly estimated by the Department.

(20) Provide a specific estimate of the costs and/or savings to the **local governments** associated with compliance, including any legal, accounting or consulting procedures which may be required. Explain how the dollar estimates were derived.

This regulation does not affect local governments.

(21) Provide a specific estimate of the costs and/or savings to the **state government** associated with the implementation of the regulation, including any legal, accounting, or consulting procedures which may be required. Explain how the dollar estimates were derived.

There are no anticipated costs or savings to the state government associated with the implementation of the regulation. The Department currently assesses state-chartered institutions. This regulation simply increases the amount of the assessment.

(22) For each of the groups and entities identified in items (19)-(21) above, submit a statement of legal, accounting or consulting procedures and additional reporting, recordkeeping or other paperwork, including copies of forms or reports, which will be required for implementation of the regulation and an explanation of measures which have been taken to minimize these requirements.

No legal, accounting or consulting procedures or additional reporting, recordkeeping or other paperwork, including forms or reports, are required for the implementation of this regulation for the regulated community, the local governments or the state government.

(23) In the table below, provide an estimate of the fiscal savings and costs associated with implementation and compliance for the regulated community, local government, and state government for the current year and five subsequent years.

	Current FY Year (12-13)	**FY +1 Year (13-14)**	**FY +2 Year (14-15)**	**FY +3 Year (15-16)**	**FY +4 Year (16-17)**	**FY +5 Year (17-18)**
SAVINGS:						
Regulated Community	$ 0.00	$ 0.00	$ 0.00	$ 0.00	$ 0.00	$ 0.00

Local Government	$ 0.00	$ 0.00	$ 0.00	$ 0.00	$ 0.00	$ 0.00
State Government	$ 0.00	$ 0.00	$ 0.00	$ 0.00	$ 0.00	$ 0.00
Total Savings	$ 0.00	$ 0.00	$ 0.00	$ 0.00	$ 0.00	$ 0.00
COSTS:						
Regulated Community	$ 0.00	$ 0.00	$3,550,000	$6,386,000	$9,224,000	$9,739,000
Local Government	$ 0.00	$ 0.00	$ 0.00	$ 0.00	$ 0.00	$ 0.00
State Government	$ 0.00	$ 0.00	$ 0.00	$ 0.00	$ 0.00	$ 0.00
Total Costs	$ 0.00	$ 0.00	$3,550,000	$6,386,000	$9,224,000	$9,739,000
REVENUE LOSSES:						
Regulated Community	$ 0.00	$ 0.00	$ 0.00	$ 0.00	$ 0.00	$ 0.00
Local Government	$ 0.00	$ 0.00	$ 0.00	$ 0.00	$ 0.00	$ 0.00
State Government	$ 0.00	$ 0.00	$ 0.00	$ 0.00	$ 0.00	$ 0.00
Total Revenue Losses	$ 0.00	$ 0.00	$ 0.00	$ 0.00	$ 0.00	$ 0.00

(23a) Provide the past three year expenditure history for programs affected by the regulation.

This chart is not applicable because the proposed regulation does not affect a program of the Department.

Program	FY -3	FY -2	FY -1	Current FY

(24) For any regulation that may have an adverse impact on small businesses (as defined in Section 3 of the Regulatory Review Act, Act 76 of 2012), provide an economic impact statement that includes the following:

(a) An identification and estimate of the number of small businesses subject to the regulation.
(b) The projected reporting, recordkeeping and other administrative costs required for compliance with the proposed regulation, including the type of professional skills necessary for preparation of the report or record.
(c) A statement of probable effect on impacted small businesses.

(d) A description of any less intrusive or less costly alternative methods of achieving the purpose of the proposed regulation.

As stated above (under 15), the regulation will not adversely impact small businesses (as defined in Section 3 of the Regulatory Review Act, Act 76 of 2012).

(25) List any special provisions which have been developed to meet the particular needs of affected groups or persons including, but not limited to, minorities, the elderly, small businesses, and farmers.

The Department did not develop any special provisions because the affected state-chartered institutions which qualify as small businesses (as defined in Section 3 of the Regulatory Review Act, Act 76 of 2012) do not have any particular needs different than those applicable to all of the affected state-chartered institutions.

(26) Include a description of any alternative regulatory provisions which have been considered and rejected and a statement that the least burdensome acceptable alternative has been selected.

The Department is implementing the assessment schedule instead of the current method of assessments plus examination-based billing in fiscal year one so as to immediately simplify the process by which the Department receives monies from the regulated community.

The Department went with the least burdensome acceptable alternative by phasing in the assessment amount to the full amount due over a three-fiscal-year time frame instead of immediate implementation for state-chartered trust companies and state-chartered banking institutions so as to lessen the immediate impact on the budgets of those institutions. The Department is implementing the assessment changes immediately for its state-chartered credit unions because the collective impact on the budgets of the state-chartered credit unions will be modest. This alternative achieves the Department's goal of implementing an appropriate assessment method while giving the regulated community time to budget for the resulting increase in the annual amount due to the Department.

(27) In conducting a regulatory flexibility analysis, explain whether regulatory methods were considered that will minimize any adverse impact on small businesses (as defined in Section 3 of the Regulatory Review Act, Act 76 of 2012), including:

a) The establishment of less stringent compliance or reporting requirements for small businesses;
b) The establishment of less stringent schedules or deadlines for compliance or reporting requirements for small businesses;
c) The consolidation or simplification of compliance or reporting requirements for small businesses;
d) The establishment of performing standards for small businesses to replace design or operational standards required in the regulation; and
e) The exemption of small businesses from all or any part of the requirements contained in the regulation.

As stated above, the regulation will not have an adverse impact on small businesses. The regulation will actually reduce the regulatory burden by simplifying the assessment process through the use of reports which the entire regulated community, including small businesses (as defined in Section 3 of the Regulatory Review Act, Act 76 of 2012), are already required to file at the federal level.

(28) If data is the basis for this regulation, please provide a description of the data, explain in detail how the data was obtained, and how it meets the acceptability standard for empirical, replicable and testable data that is supported by documentation, statistics, reports, studies or research. Please submit data or supporting materials with the regulatory package. If the material exceeds 50 pages, please provide it in a searchable electronic format or provide a list of citations and internet links that, where possible, can be accessed in a searchable format in lieu of the actual material. If other data was considered but not used, please explain why that data was determined not to be acceptable.

All data used as a basis for this regulation is attached.

OCC 2012-40 is a notice from the Comptroller of Currency regarding the 2013 assessment schedule for the federal trust companies and federal banking institutions that it regulates.

Letter no. 13-FCU-01 is a notice from the NCUA regarding the 2013 operating fee schedule ("assessment schedule") for the federal credit unions that it regulates.

The Department obtained both the OCC 2012-40 and the 13-FCU-01 from the internet because the federal assessment schedules are public. The Department used the tiers and the rates reflected in these documents as a reference point when determining the tiers and the rates set forth in the proposed rulemaking.

These documents reflect tiers and rates established by the OCC and the NCUA at their own discretion, therefore no empirical, replicable or testable data is available or necessary.

(29) Include a schedule for review of the regulation including:

A. The date by which the agency must receive public comments:	October 7, 2013
B. The date or dates on which public meetings or hearings will be held:	No public meetings are anticipated at this time.
C. The expected date of promulgation of the proposed regulation as a final-form regulation:	December 2013
D. The expected effective date of the final-form regulation:	Immediately upon publication the *Pennsylvania Bulletin.*
E. The date by which compliance with the final-form regulation will be required:	The compliance dates are set forth in the regulation.
F. The date by which required permits, licenses or other approvals must be obtained:	N/A

(30) Describe the plan developed for evaluating the continuing effectiveness of the regulations after its implementation.

The Department will periodically seek input from the regulated community and conduct internal evaluations of the regulation after its implementation.

CDL-1

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IRRC

2013 SEP 10 PM 2: 06

FACE SHEET
FOR FILING DOCUMENTS
WITH THE LEGISLATIVE REFERENCE BUREAU

(Pursuant to Commonwealth Documents Law)

DO NOT WRITE IN THIS SPACE

Copy below is hereby approved as to form and legality. Attorney General	Copy below is here by certified to be a true and correct copy of a document issued, prescribed or promulgated by:	Copy below is hereby approved as to form and legality. Executive or Independent Agencies.
BY: (DEPUTY ATTORNEY GENERAL)	Department of Banking and Securities (AGENCY)	BY: SHAWN E. SMITH
AUG 13 2013 DATE OF APPROVAL	DOCUMENT/FISCAL NOTE NO. 3-51 DATE OF ADOPTION: BY:	JUL 31 2013 DATE OF APPROVAL
☐ Check if applicable Copy not approved. Objections attached.	TITLE: Secretary of Banking and Securities (EXECUTIVE OFFICER, CHAIRMAN OR SECRETARY)	Deputy General Counsel (~~Chief Counsel~~, Independent Agency) (Strike inapplicable title) ☐ Check if applicable. No Attorney General approval or objection within 30 days after submission.

NOTICE OF PROPOSED RULEMAKING

DEPARTMENT OF BANKING AND SECURITIES

10 Pa. Code Chapter 5 §5.1 – 5.6

ASSESSMENTS

PROPOSED RULEMAKING
DEPARTMENT OF BANKING AND SECURITIES
[10 PA. CODE CH. 5]

Preamble

The Department of Banking and Securities (Department) proposes to add Chapter 5 (relating to assessments) to read as set forth in Annex A. This chapter is proposed under the authority of Section 503(a) (relating to regulation by Department) and section 202(C) and 204(A) of the Department of Banking and Securities Code (71 P.S. §§ 733-202(C) and 733-204(A)).

Purpose

The purpose of this rulemaking is to add Chapter 5 to implement an assessment schedule for State-chartered institutions which would provide adequate and sustainable funding for the Department and streamline reporting and billing requirements on State-chartered institutions by eliminating examination-based billing for State-chartered credit unions and State-chartered trust companies.

Explanation of Regulatory Requirements

Proposed § 5.1 (relating to definitions) defines the words and terms used in Chapter 5.

Proposed § 5.2 (relating to semiannual assessment for banks, bank and trust companies, savings banks and savings associations) establishes a semiannual assessment schedule for banks, bank and trust companies, savings banks and savings associations that are chartered by the Department.

Proposed § 5.3 (relating to semiannual assessment for trust companies) establishes a semiannual assessment schedule for trust companies that are chartered by the Department.

Proposed § 5.4 (relating to semiannual assessment for credit unions) establishes a semiannual assessment schedule for credit unions that are chartered by the Department.

Proposed § 5.5 (relating to adjustments to assessments; invoicing) sets forth the criteria for adjustments to the assessments based upon an optional adjustment for inflation which would be applied to all State-chartered institutions (a) and an optional adjustment to be applied only to specific institutions based upon their Uniform Financial Institutions Rating System or Uniform Interagency Trust Rating System composite rating in subsection (b). Section 5.5(c) establishes that semiannual assessments calculated under Chapter 5 will be rounded to the nearest dollar. The index used to calculate the inflation adjustment in § 5.5(a) is the same one used annually by the Department to calculate the inflation adjustment to the "base figure" under the act of January 30, 1974 (P.L. 13, No. 6)(41 P.S. §§ 101-605) Loan Interest and Protection Law.

Proposed § 5.6 (relating to implementation schedule) sets forth the implementation schedule of the assessments for banks, bank and trust companies, savings banks, savings associations and trust companies.

Affected Parties

The proposed rulemaking would affect all Pennsylvania State-chartered banking institutions, credit unions and trust companies.

Fiscal Impact

State Government

The proposed rulemaking would provide appropriate and sustainable funding for the Department.

Regulated Community

The proposed rulemaking would increase the assessments paid by the regulated community to the Department for the first time since the 1990s. Upon full implementation, the assessments paid by nearly all State-chartered institutions will still be significantly lower than current assessments paid by similar Federally-chartered institutions operating in the Commonwealth.

Paperwork

The proposed rulemaking would eliminate the paperwork associated with examination-based billing for the Department, State-chartered credit unions and State-chartered trust companies. The proposed rulemaking would not impose additional paperwork on the Department, State-chartered banking institutions, credit unions or trust companies.

Effectiveness / Sunset Date

Chapter 5 will be effective upon final-form publication in the *Pennsylvania Bulletin*. The regulations do not have a sunset date because the Department will periodically review the effectiveness of the regulations.

Regulatory Review

Under Section 5(a) of the Regulatory Review Act (71 P.S. § 745.5(a)), on September 10, 2013, the Department submitted a copy of this proposed rulemaking and a copy of the Regulatory Analysis Form to the Independent Regulatory Review Commission (IRRC) and to the Chairpersons of the House Commerce Committee and the Senate Banking and Insurance Committee. A copy of this material is available to the public upon request.

Under Section 5(g) of the Regulatory Review Act, IRRC may convey comments, recommendations or objections to the proposed rulemaking within 30 days of the close of the public comment period. The comments, recommendations or objections must specify the regulatory review criteria which have not been met. The Regulatory Review Act specifies detailed procedures for review, prior to final publication of the rulemaking, by the Department, the General Assembly and the Governor of comments, recommendations or objections raised.

Public Comments

Interested persons are invited to submit written comments, suggestions or objections regarding the proposed rulemaking to the Office of Chief Counsel, Department of Banking and Securities, Attention: Public Comment on Regulation 3-51, 17 N. Second Street, Suite 1300, Harrisburg, PA 17101-2290, fax (717) 783-8427, ra-pabankreg@pa.gov within 30 days after publication in the *Pennsylvania Bulletin*.

GLENN E. MOYER,
Secretary

Annex A.

TITLE 10. BANKING AND SECURITIES
PART I. GENERAL PROVISIONS
CHAPTER 5. ASSESSMENTS

Sec.

Authority

The provisions of this Chapter 5 issued under section 503(a) of the Credit Union Code (17 Pa.C.S. § 503(a)) and sections 202.C and 204.A of the Department of Banking and Securities Code (71 P.S. §§ 733-202.C, 733-204.A), unless otherwise noted.

Source

The provisions of this Chapter 5 adopted _______, 2013, effective, ______, 2013, ___ Pa.B. ____, unless otherwise noted.

§ 5.1. Definitions.

The following words and terms, when used in this part, have the following meanings, unless the context clearly indicates otherwise:

Bank - As defined in section 102(f) of the Banking Code (7 P.S. § 102(f)).

Bank and trust company - As defined in section 102(g) of the Banking Code.

Consolidated total assets - The total assets as reflected in the FFIEC Call Report's "Schedule RC – Balance Sheet of the Consolidated Reports of Condition and Income for a Bank with Domestic Offices Only – FFIEC 041" or "Schedule RC – Balance Sheet of the Consolidated Report of Condition and Income for a Bank with Domestic and Foreign Offices – FFIEC 031," as applicable.

Credit union - As defined in 17 Pa.C.S. § 102 (relating to application of title).

FFIEC Call Report - A report promulgated by the Federal Financial Institutions Examinations Council that sets forth consolidated total assets and fiduciary assets.

Fiduciary assets - The sum of the total fiduciary assets in the FFIEC Call Report's "Schedule RC – T Fiduciary and Related Services of the Consolidated Report of Condition and Income for a Bank with Domestic Offices Only – FFIEC 041."

NCUA Call Report - A report promulgated by the National Credit Union Administration that sets forth total assets.

Savings association – An association as defined in section 102(3) of the Savings Association Code of 1967 (7 P.S. § 6020-2(3)).

Savings bank - A savings bank as defined in section 102(x) of the Banking Code.

Total assets - The total assets as reflected on the "Statement of Financial Condition" contained in the NCUA Call Report.

Trust company - A trust company as defined in section 102(dd) of the Banking Code.

UFIRS - The Uniform Financial Institutions Rating System.

UITRS - The Uniform Interagency Trust Rating System.

§ 5.2. Semiannual assessment for banks, bank and trust companies, savings banks and savings associations.

(a) Banks, bank and trust companies, savings banks and savings associations shall pay a semiannual assessment to the Department.

(b) The semiannual assessment on banks, bank and trust companies, savings banks and savings associations will be calculated as follows:

If the amount of the consolidated total assets is:		**The semiannual assessment will be:**			
Over:	**But not over:**	**Base amount:**		**The excess over:**	**Times (x):**
0	$20,000,000	$6,070	+	0	0
$20,000,000	$100,000,000	$6,070	+	$20,000,000	0.000112059
$100,000,000	$200,000,000	$15,035	+	$100,000,000	0.000072836
$200,000,000	$1,000,000,000	$22,319	+	$200,000,000	0.000061631
$1,000,000,000	$2,000,000,000	$71,623	+	$1,000,000,000	0.000050425
$2,000,000,000	$6,000,000,000	$122,048	+	$2,000,000,000	0.000044822
$6,000,000,000	$20,000,000,000	$301,338	+	$6,000,000,000	0.000038139
$20,000,000,000		$835,284	+	$20,000,000,000	0.000019409

(c) Banks, bank and trust companies, savings banks and savings associations will be billed semiannually in December and June based upon the consolidated total assets reported in the immediately preceding FFIEC Call Report.

§ 5.3. Semiannual assessment for trust companies.

(a) Trust companies shall pay a semiannual assessment to the Department.

(b) The semiannual assessment on trust companies will be calculated on consolidated total assets plus fiduciary assets as follows:

If the amount of the consolidated total assets is:		**The semiannual assessment will be:**			
Over:	**But not over:**	**Base amount:**		**The excess over:**	**Times (x):**
0	$20,000,000	$6,070	+	0	0
$20,000,000	$100,000,000	$6,070	+	$20,000,000	0.000112059
$100,000,000	$200,000,000	$15,035	+	$100,000,000	0.000072836
$200,000,000	$1,000,000,000	$22,319	+	$200,000,000	0.000061631
$1,000,000,000	$2,000,000,000	$71,623	+	$1,000,000,000	0.000050425
$2,000,000,000	$6,000,000,000	$122,048	+	$2,000,000,000	0.000044822
$6,000,000,000	$20,000,000,000	$301,338	+	$6,000,000,000	0.000038139
$20,000,000,000		$835,284	+	$20,000,000,000	0.000019409

plus

If the amount of the fiduciary assets is:		**The semiannual assessment will be:**			
Over:	**But not over:**	**Base amount:**		**The excess over:**	**Times (x):**
0	$500,000,000	$6,746	+	$0	0
$500,000,000	$1,000,000,000	$13,492	+	$500,000,000	0
$1,000,000,000	$10,000,000,000	$13,492	+	$1,000,000,000	0.000002689
$10,000,000,000	$100,000,000,000	$37,689	+	$10,000,000,000	0.000000449
$100,000,000,000		$78,081	+	$100,000,000,000	0.0000001425

(c) Trust companies will be billed in December and June based upon the consolidated total assets and fiduciary assets reported in the immediately preceding FFIEC Call Report.

§ 5.4. Semiannual assessment for credit unions.

(a) Credit unions shall pay a semiannual assessment to the Department.

(b) The semiannual assessment on credit unions will be calculated as follows:

If the amount of the total assets is:		**The semiannual assessment will be:**			
Over:	**But not over:**	**This amount:**		**The excess over:**	**Times (x):**
0	$24,503,168	$2,500	+	$0	0
$24,503,168	$1,115,871,488	$2,500	+	$24,503,168	0.00010739750
$1,115,871,488	$3,376,610,357	$119,842	+	$1,115,871,488	0.00003130250
$3,376,610,357		$190,609	+	$3,376,610,357	0.00001045000

(c) Credit unions will be billed in December and June based upon the total assets reported in the immediately preceding NCUA Call Report.

§ 5.5 Adjustments to assessments; invoicing.

(a) *Inflation adjustment to assessments.* The Department may increase the amount of assessments generated by the calculations in §§ 5.2-5.4 (relating to semiannual assessment for banks, bank and trust companies, savings banks and savings association; semiannual assessment for trust companies; and semiannual assessment for credit unions) in an amount up to the increase in the Consumer Price Index indicated by the "Consumer Price Index- All Urban Consumers: U.S. All Items 1982-84=100" published by the United States Department of Labor Bureau of Labor Statistics, or other similar index published by the United States Department of Labor Bureau of Labor Statistics, if the projected assessments are insufficient to provide for the Department's budget due to inflation.

(b) *Surcharge based on condition.* The Department may increase the amount of a specific assessment generated by the calculations in §§ 5.2-5.4 by:

(1) Thirty percent for a bank, bank and trust company, savings bank, savings association, trust company or credit union with a UFIRS or UITRS composite rating of 4; and

(2) Fifty percent for a bank, bank and trust company, savings bank, savings association, trust company or credit union with a UFIRS or UITRS composite rating of 5.

(c) *Assessment invoicing.* The Department will round all assessments calculated under this chapter to the nearest dollar on the semiannual assessment invoice issued to each assessed entity.

§ 5.6. Implementation schedule.

(a) *General rule.* The Department will provide an implementation schedule for banks, bank and trust companies, savings banks, savings associations and trust companies to adjust to the assessments generated by this chapter.

(b) *Implementation schedule.* Banks, bank and trust companies, savings banks, savings associations and trust companies shall pay assessments according to the following implementation schedule:

(1) Seventy percent of the total assessment calculated by §§ 5.2, 5.3 and 5.5 (relating to semiannual assessment for banks, bank and trust companies, savings banks and savings associations; semiannual assessment for trust companies; and adjustments to assessments; invoicing) for the first 12 months after ___________ .

(2) Eighty-five percent of the total assessment calculated by §§ 5.2, 5.3 and 5.5 for the second 12 months after ___________ .

(3) One hundred percent of the total assessment calculated by §§ 5.2, 5.3 and 5.5 for the third 12 months after ___________ .

Office of the
Comptroller of the Currency
U.S. Department of the Treasury

OCC 2012-40

Subject: Notice of Comptroller of the Currency Fees for Year 2013
Date: November 30, 2012

To: Chief Executive Officers of All National Banks, Federal Savings Associations, Federal Branches and Agencies of Foreign Banks, Department and Division Heads, All Examining Personnel, and Other Interested Parties

Description: Calendar Year 2013 Fee Structure

The purpose of this issuance is to inform all national banks, federal savings associations, and federal branches and agencies of foreign banks of fees charged by the Office of the Comptroller of the Currency (OCC) for calendar year 2013. This bulletin is effective January 1, 2013.

SEMIANNUAL ASSESSMENT

Reference:

12 CFR 8, "Assessment of Fees"

2013 Assessment Schedule

Effective date January 1, 2013:

- Assessments are due March 29 and September 30, based on call report information as of December 31 and June 30, respectively. The assessments cover the six-month periods beginning January 1 and July 1, respectively. For example, the assessment due March 29 covers the period January 1 through June 30.
- The marginal rates of the OCC's general assessment schedule continue to be indexed to reflect inflation as measured by the Gross Domestic Product Implicit Price Deflator (GDPIPD) for the previous June-to-June period. The GDPIPD adjustment is 1.7 percent for 2013. The indexation adjustment will apply to the first $20 billion in assets of a national bank, federal savings association, or federal branch or agency of a foreign bank.
- Fees assessed on independent trust banks and on independent credit card banks have been adjusted for inflation as well.
- The OCC will calculate the assessment fee due and draft the fee amount on March 29 and September 30. The OCC will provide seven business days' notice of the amount that will be drafted from an institution's designated account. The institution is responsible for ensuring that the account is funded properly on the due dates.
- The OCC will continue to charge interest on all payments received after the due date. The interest rate charged will be the U.S. Treasury Department's current value of funds rate published quarterly in the *Federal Register*.
- National banks, federal savings associations, and federal branches and agencies of foreign banks that are no longer subject to OCC supervision on or before December 31, 2012; or June 30, 2013, will not be subject to the semiannual assessment for the period beginning January 1 or July 1, respectively. Only those institutions leaving the banking system before the close of business on those dates avoid paying the semiannual assessment for the period beginning January 1 or July 1, as applicable.

The OCC's assessment schedule continues to include a surcharge for national banks, federal savings associations, and federal branches and agencies of foreign banks that require increased supervisory resources. The surcharge ensures that fees reflect the increased cost of supervision that applies to those national banks, federal savings associations, and federal branches and agencies of foreign banks rated 3, 4, or 5 under the uniform financial institution rating system; or under the risk management, operational controls, compliance, and asset quality rating system as of the relevant call date (that is, December 31, 2012; or June 30, 2013). The surcharge is to be applied to all components of an institution's assessment, including book assets, assets under management (for independent trust banks), and receivables attributable (for independent credit card banks). National banks, federal savings associations, and federal branches and agencies of foreign banks subject to the surcharge calculate the surcharge by multiplying the sum of the general assessment (based on the institution's book assets up to $20 billion) plus the independent trust bank assessment or the independent credit card bank assessment by 50 percent for 3-rated institutions and 100 percent for 4- and 5-rated institutions.

The OCC will continue to reduce the assessment of nonlead national banks, federal savings associations, and federal branches and agencies of foreign banks by 12 percent. A nonlead institution, for this purpose, is a national bank, federal savings association, or federal branch or agency of a foreign bank that is not the largest national bank, federal savings association, or federal branch or agency of a foreign bank, based on total assets, controlled by a company owning two or more national banks, federal savings associations, or federal branches or agencies of foreign banks. Nonlead national banks, federal savings associations, and federal branches and agencies of foreign banks within any company should multiply their calculated general assessment by 88 percent to recognize the nonlead discount. The 12 percent discount does not apply to the independent trust bank assessment or the independent credit card bank assessment, given that independent trust banks and independent credit card banks, by definition, are not affiliated with full-service national banks, federal savings associations, or federal branches or agencies of foreign banks.

Each national bank, federal savings association, and federal branch and agency of foreign banks pays the general assessment fee. Independent trust banks pay the general assessment fee and the independent trust bank assessment. Independent credit card banks pay the general assessment fee and the independent credit card bank assessment. Assessments will be calculated using the schedules below and then adjusted for the nonlead discount or condition surcharge.

General Assessment Fee Schedule

If the amount of total balance-sheet assets (consolidated domestic and foreign subsidiaries) is (millions)		The semiannual assessment will be		
Over	But not over	This amount	Plus	Of excess over (millions)
$ 0	$ 2	$ 5,915	0.000000000	$ 0
2	20	5,915	0.000233457	2
20	100	10,117	0.000186765	20
100	200	25,058	0.000121393	100
200	1,000	37,197	0.000102718	200
1,000	2,000	119,371	0.000084042	1,000
2,000	6,000	203,413	0.000074704	2,000
6,000	20,000	502,229	0.000063565	6,000
20,000	40,000	1,392,139	0.000047883	20,000
40,000	250,000	2,349,799	0.000032675	40,000
250,000		9,211,549	0.000032348	250,000

Independent Trust Bank Semiannual Assessment Schedule

If the total amount of fiduciary and related assets is (millions)		The independent trust bank semiannual assessment will be		
Over	But not over	This amount	Plus	Of excess over (millions)
$ 0	$ 1,000	$ 22,486	0.000000000	$ 0
1,000	10,000	22,486	0.000004481	1,000
10,000	100,000	62,815	0.000000748	10,000
100,000		130,135	0.000000475	100,000

Independent Credit Card Bank Semiannual Assessment Schedule

If the bank's total off-balance-sheet receivables attributable are (millions)		The independent credit card bank semiannual assessment will be
Over	But not over	

$ 0	$ 100	$ 47,939
100	1,000	71,625
1,000	5,000	95,884
5,000		119,589

HOURLY RATE FOR EXAMINATIONS AND INVESTIGATIONS

Reference: 12 CFR 8.6

Effective date: Examinations and investigations subject to the fee beginning after January 1, 2003.

Rate: $110 per hour to recover the cost of conducting special examinations and investigations described in 12 CFR 8.6. Examinations of the fiduciary activities of national banks, federal savings associations, and federal branches and agencies of foreign banks and related entities under 12 CFR 8.6(a)(1) are generally not subject to hourly rates.

LICENSING FEES

Reference: 12 CFR 5.5

All licensing fees have been suspended for calendar year 2013. This change was effective January 1, 2008, for calendar year 2008 and will continue to be in effect through calendar year 2013.

PUBLICATIONS

The OCC no longer distributes paper-based publications. All publications are available electronically on the OCC's Web site. The list of available publications is attached.

Other items, including news releases, issuances (such as bulletins, advisories, and alerts), and other materials may be downloaded at no charge from the agency's Web site. For your convenience, the site contains a search engine to locate materials by subject.

MISCELLANEOUS FEES

Prepayment is *required* for bank histories and certifications.

Bank history for single bank:	
• Less than 50 years	$ 75.00
• Fifty years or more	$ 150.00

Bank histories are provided to determine the successor to inactive national banks, federal savings associations, and federal branches and agencies. They include corporate transactions such as name changes, mergers, closings, and the current address of the successor institution, if available.

Certificates relating to licensing bank activities:	$ 100.00
• Title changes	
• Mergers	
• Articles of association	

• Receivership Determination and Appointment of Receiver	
• Charter	
• Corporate existence	
• Fiduciary powers	

Certificate of Authenticity (12 CFR 4)	$ 100.00
Copies of certificates	$ 10.00
Freedom of Information Act and Privacy Act requests:	
• Search and review	$ 35.00 an hour
• Photocopying	$ 0.20 a page
Examination reports:	
• Initial copy	Free
• Additional copies—each	$ 10.00
• Special requests—each	$ 50.00

Thomas R. Bloom
Senior Deputy Comptroller for the Office of Management
and Chief Financial Officer

Related Links

- OCC Publications List
- Safety and Soundness
- Compliance
- Asset Management
- Comptroller's Licensing Manual
- Publication Order Form

NCUA LETTER TO FEDERAL CREDIT UNIONS

NATIONAL CREDIT UNION ADMINISTRATION
1775 Duke Street, Alexandria, VA 22314

DATE: **January 2013** **LETTER NO.: 13-FCU-01**

TO: **All Federal Credit Unions**

SUBJ: **Operating Fee Schedule for 2013**

ENCL: **Operating Fee Schedule for 2013**

Dear Board of Directors and Chief Executive Officer:

The NCUA Board has voted to eliminate 2013 operating fees for federal credit unions with assets less than or equal to $1 million.

For federal credit unions with assets *over* $1 million, the 2013 operating fee rate will increase by only 0.24 percent over the 2012 rate.

<u>How is the operating fee calculated?</u>

Enclosed with this letter is a chart that will help you calculate the exact dollar amount of your credit union's operating fee. The chart also includes the NCUA web link to the online calculator.

The rest of this letter provides additional insight into the calculation method.

The two major factors that influence a change in the operating fee rate are the overhead transfer rate (OTR) and the growth of federal credit union assets. The OTR is calculated from the annual allocation of NCUA resources toward insurance-related functions. For 2013, the OTR decreased slightly to 59.1 percent from 59.3 percent to maintain NCUA's focus on risks to the National Credit Union Share Insurance Fund (NCUSIF). The combination of growth in federal credit union assets and the OTR reduction resulted in a minor increase to the 2013 operating fee scale.

Each year, in order to preserve the relationship of the scale to the federal credit unions within each asset tier, the asset range for each tier is adjusted by the projected growth of federal credit union assets. The 2013 asset ranges are increasing by 6.5 percent based on projected federal credit union asset growth. You will see the new asset ranges to the right of the adjusted fee rates on the chart enclosed with this letter.

When will the operating fee be billed?

In March, federal credit unions with assets over $1 million will receive an invoice for their 2013 operating fee.

At the same time, all federally insured credit unions will receive notice of any amount needed to adjust their NCUSIF capitalization deposit to 1 percent of insured shares.

- Your operating fee will be based on assets you report as of December 31, 2012.
- Your capitalization deposit may adjust up or down based on the insured shares you report as of December 31, 2012.

When is the payment due?

NCUA will combine your operating fee and your capitalization deposit adjustment into a single payment that will be due in April 2013.

For federal credit unions signed up to pay via Pay.Gov, no further action is required, and you can expect payment to occur by April 30.

All other federal credit unions will need to send payment according to the instructions included with the invoice.

If you have any questions regarding this letter, please contact NCUA's Office of the Chief Financial Officer at ocfomail@ncua.gov.

Sincerely,

/s/
Debbie Matz
Chairman

Enclosure

ENCLOSURE

OPERATING FEE SCHEDULE FOR 2013

Your operating fee is based upon the total assets of your credit union as of December 31, 2012.

FOR NATURAL PERSON FEDERAL CREDIT UNIONS

If total assets are more than $1,000,000, the operating fee assessment is:

0.00022610	on the first	$1,115,871,488	of assets, **plus**
0.00006590	on the next	$2,260,738,869	of assets, **plus**
0.00002200	on assets over	$3,376,610,357	

Examples: A credit union with $1,000,000 in total assets has an operating fee of: $0.

A credit union with $1,250,000 in total assets has an operating fee of: ($1,250,000 x 0.00022610) = $282.63.

A credit union with $2,400,000,000 in assets has an operating fee of: ($1,115,871,488 x 0.00022610) + (($2,400,000,000 - $1,115,871,488) x 0.00006590) = $336,922.61.

A credit union with $5,000,000,000 in total assets has an operating fee of: ($1,115,871,488 x 0.00022610) + (($3,376,610,357 - $1,115,871,488) x 0.00006590) + (($5,000,000,000 - $3,376,610,357) x 0.00002200) = $436,995.80.

FOR CORPORATE CREDIT UNIONS

If total assets are over	But not over -	The operating fee assessment is:
$5,000,000	$ 20,000,000	$ 1,130.50 plus 0.02234% of the total assets over $5,000,000
$20,000,000	$ 50,000,000	$ 4,481.50 plus 0.02111% of the total assets over $20,000,000
$50,000,000	$100,000,000	$10,814.50 plus 0.01987% of the total assets over $50,000,000
$100,000,000	no limit	$20,749.50 plus 0.00123% of the total assets over $100,000,000

Operating Fee Calculator at http://opfee.ncua.gov/

pennsylvania
DEPARTMENT OF BANKING
AND SECURITIES

MARKET SQUARE PLAZA | 17 N SECOND STREET, Suite 1300 | HARRISBURG, PA 17101
Ph 717.787.2112 Fx 717.214.0808 W www.dobs.state.pa.us

Date: September 10, 2013

To: Independent Regulatory Review Commission

From: Paul H. Wentzel, Jr.
Senior Legislative and Policy Liaison

Subject: Proposed Regulation – Assessments

The Department of Banking and Securities is withdrawing the Proposed Regulation Packet submitted on August 22, 2013. Upon review of the August 22, 2013 submission documents, the Department discovered that the assessment charts in Annex A contained numerical errors, the correction of which requires the submission of a revised Proposed Regulation Packet.

Attached please find a revised Proposed Regulation Packet for the Department of Banking and Securities' Assessments Regulation.

The Packet includes the:

1. Legislative Reference Bureau Face Sheet
2. Preamble
3. Annex A – Proposed Regulation
4. Regulatory Analysis Form
5. Fully signed IRRC Transmittal Sheet

Attachments

TRANSMITTAL SHEET FOR REGULATIONS SUBJECT TO THE REGULATORY REVIEW ACT

I.D. NUMBER: 3-51

SUBJECT: ASSESSMENTS

AGENCY: DEPARTMENT OF BANKING AND SECURITIES

2013 SEP 10 PM 2:07

RECEIVED IRRC

TYPE OF REGULATION

X Proposed Regulation

Final Regulation

Final Regulation with Notice of Proposed Rulemaking Omitted

120-day Emergency Certification of the Attorney General

120-day Emergency Certification of the Governor

Delivery of Tolled Regulation
a. With Revisions b. Without Revisions

FILING OF REGULATION

DATE	SIGNATURE	DESIGNATION
		HOUSE COMMITTEE ON COMMERCE
9-10-13	Dine Meinch	MAJORITY CHAIR Honorable Chris Ross
9/10/13	[illegible]	MINORITY CHAIR
		SENATE COMMITTEE ON BANKING & INSURANCE
9-10	[illegible]	MAJORITY CHAIR Honorable Donald C. White
9-10	Cheryl Schell	MINORITY CHAIR
9/10/13	K Cooper	*INDEPENDENT REGULATORY REVIEW COMMISSION*
N/A	N/A	*ATTORNEY GENERAL* (for Final Omitted only)
9-10-13	[illegible]	*LEGISLATIVE REFERENCE BUREAU* (for Proposed only)

August 19, 2013