

Federal Reserve Bank of San Francisco
101 Market Street, San Francisco, California 94105

April 17, 2007

**BANKING SUPERVISION AND REGULATION:
REQUEST FOR COMMENT**

To State Member Banks, Bank
Holding Companies, U.S. Branches
and Agencies of Foreign Banks,
and Others Concerned,
in the Twelfth Federal Reserve District

Request for Comment on Expanded Examination Cycle for Certain Institutions

The federal bank and thrift agencies requested public comment on proposed interim rules expanding the range of small institutions eligible for an extended 18-month on-site examination cycle. The proposed interim rules allow well-capitalized and well-managed banks and savings associations with up to \$500 million in total assets and a composite CAMELS rating of 1 or 2 to qualify for an 18-month (rather than a 12-month) on-site examination cycle.

Until recently, only institutions with less than \$250 million in total assets could qualify for an extended 18-month on-site examination cycle. The proposed interim rules also revise the provisions governing the on-site examination cycle for the U.S. branches and agencies of foreign banks.

The proposed interim rules, effective upon publication in the Federal Register, implement section 605 of the Financial Services Regulatory Relief Act of 2006 and related provisions from the International Banking Act, both of which are already effective.

The proposed interim rules, issued by the Board of Governors of the Federal Reserve System, the Federal Deposit Insurance Corporation, the Office of the Comptroller of the Currency, and the Office of Thrift Supervision, are attached and will be published in the Federal Register shortly.

The docket is attached. Comments are requested by May 7, 2007.

Additional Information

All circulars and documents are available on the internet through the Federal Reserve Bank of San Francisco's website, at <http://www.frbsf.org/banking/letters>.

For additional information, please contact our Banking Supervision and Regulation Department at (415) 974-2585.

FEDERAL RESERVE BANK OF SAN FRANCISCO

Attachment: Docket No. R-1279