ANONYMOUS

Proposal and Comment Information

Title: Loans to Executive Officers, Directors, and Principal Shareholders of Member Banks; Bank Holding Companies (Reg O and Y), R-1896

Comment ID: FR-2026-0028-01-C07

Submitter Information

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I am pleased to submit a comment for consideration. I am a 50-year banker, so I remember the reasons for Regulation O. I also am fully supportive of the proposal to modernize Regulation O. As stated in the Board's request for comment; "Regulation O has not been comprehensively updated since 1979. The rule addresses a unique challenge for community banks, where board members and executives are often local business owners and civic leaders who provide valuable perspective and expertise to bank governance and information on the local economy."

Regulation O in its current form can hamper or preclude those who want to do business with a bank from doing so if they serve on the Board of Directors or are Executive Officers of a bank. For example, if a bank board member is offered loan terms by a competitor, and there are no comparable loans to others in the institution, the bank is in the unfortunate position of not being able to meet the competitor's terms without triggering a violation. Another example would be an executive officer in a community bank who wants to borrow for any number of reasons including a family business. The limits are so restrictive that the officer is essentially compelled to bank elsewhere. Finally, the limits for inadvertent overdrafts are no longer practical. Per Google AI, a dollar today is worth 21.7% of a dollar in 1979.

While providing reasonable safeguards to preclude abuse by insiders, Regulation O deserves to be modified using a practical and common-sense approach to risk management. Thank you for your consideration of my comments.