

**MEMORANDUM**

**TO:** Matthew Walker, Division Deputy Chief Counsel  
**FROM:** Todd Colquitt, Business Advocate  
**DATE:** March 9, 2016  
**RE:** **CSI Review – Savings Banks Rules (Chapter OAC 1301:12)**

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On behalf of Lt. Governor Mary Taylor, and pursuant to the authority granted to the Common Sense Initiative (CSI) Office under Ohio Revised Code (ORC) section 107.54, the CSI Office has reviewed the abovementioned administrative rule package and associated Business Impact Analysis (BIA). This memo represents the CSI Office's comments to the Agency as provided for in ORC 107.54.

**Analysis**

This rule package proposed by the Ohio Department of Commerce Division of Financial Institutions (Commerce) consists of the eighteen (18) rules comprising Ohio Administrative Code (OAC) chapter 1301:12 which governs the operations of savings banks. One (1) rule is proposed for rescission, one (1) new rule is being created, two (2) contain proposed amendments, and the remaining fourteen (14) contain no changes. This chapter of rules is being reviewed by Commerce under the five-year rule review requirement.

The few changes Commerce is proposing consist of the following:

- Creating a new rule to allow a federal thrift financial institution that converts to a state savings bank to retain the word "federal" in its name as is already permitted in federal regulations.
- Eliminating the rule regarding when public notice is required for rule changes because it duplicates the notice requirements required of state agencies under Chapter 119 of the Ohio Revised Code.
- Increasing the reimbursement rates, as specified by federal rules, that financial institutions can charge for providing customer financial records under certain conditions.
- Modifying savings bank net worth requirements in order to mirror recent federal changes regarding capital requirements.

A review of the remaining rules and accompanying BIA shows that the existing rules cover a broad spectrum of matters. They range from the clerical (e.g., record retention schedules) to the substantive (e.g., incorporation, change in control, reserve requirements, lending limits, etc.). Commerce acknowledges that the majority of existing rules impose adverse impacts to varying degrees. For relatively routine matters,

such as entering a new line of business within the list of statutorily authorized business lines, the BIA states that the impact is minimal in time and resources. Matters that are significantly more complicated, such as incorporation or change in control, impose significantly greater impacts regarding time and resources that vary and are case-specific. For these rules with more substantive impacts, Commerce asserts that they are founded on the underlying statutory requirements for state-chartered financial institutions. (Additionally, they are important to ascertaining and maintaining the financial health of a savings bank, and, by extension, protecting the interests of savings bank customers and depositors.)

Commerce proactively contacted organizations representing savings banks of varying sizes and shared a draft version of the rules in this package with them for their review and for them to provide suggested changes. Commerce states that it did not receive any feedback from these organizations in response to its early stakeholder outreach. Additionally, no comments were received from the public during the comment period.

The purpose of a CSI recommendation memo is not to catalogue in detail each rule in all its subparts, but rather to weigh the rule package on the whole in whether stakeholders were included and their input considered, whether the appropriate balance has been struck, and whether the agency has adequately articulated the necessity for the adverse business impact. After reviewing the proposed rules and BIA, the CSI Office has determined that the rule package as a whole satisfactorily meets the standards espoused by the CSI Office and the purpose of the rule package justifies the adverse impacts identified in the BIA.

### **Recommendations**

For the reasons described above, the CSI Office has no recommendations regarding this rule package.

### **Conclusion**

Based on the above comments, the CSI Office concludes that Commerce should proceed with the formal filing of this rule package with the Joint Committee on Agency Rule Review.

cc: Mark Hamlin, Lt. Governor's Office