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OCC EXTENDS TEMPORARY EXCEPTION FOR INCLUSION OF DERIVATIVES IN LENDING LIMITS

The Office of the Comptroller of the Currency (“OCC”) provided notice on November 14, 2012 that it intends to extend from January 1, 2013 to April 1, 2013 the temporary exception for the application of its lending limits rule, 12 CFR 32, to certain exposures arising from derivative and securities financing transactions.

Section 610 of the Dodd-Frank Reform Act revised, for lending limit purposes, the statutory definition of loans and extensions of credit to include certain credit exposures arising from a derivative transaction, repurchase agreement, reverse repurchase agreement, securities lending transaction, or securities borrowing transaction. In June 2012, the OCC issued an interim final rule implementing this statutory change, which gave until January 1, 2013 to comply with the requirements as to derivative transactions and securities financing transactions. It is that deadline that the OCC announced it would extend until April 1, 2013.

For more information about lending limits and the impact of derivative and financing transactions, see Handout 12-9B, Lending Limits.