

May 8, 2025

OCC Rescinds Bank M&A Policy Statement and Restores Expedited Merger Review Procedures

SUMMARY

Today the Office of the Comptroller of the Currency issued an interim final rule (“Interim Final Rule,” available [here](#))¹ rescinding the amendments it adopted in September 2024 (“2024 Final Rule”) relating to its business combination regulation (12 C.F.R. § 5.33). The 2024 Final Rule included a new policy statement appendix (“Policy Statement”) that described the standards and criteria the OCC employs in evaluating transactions under the Bank Merger Act.

Specifically, the 2024 Final Rule: (i) eliminated the automatic expedited review and approval procedures that permitted certain transactions that qualified as business reorganizations, or for streamlined applications, to be deemed approved as of the 15th day after the comment period on the application closed;² and (ii) through the Policy Statement, established an indicator-based framework describing how the OCC considers the statutory factors and certain applicant and transaction features that, in the OCC’s experience, are consistent with an application approval or, alternatively, would raise supervisory or regulatory concern.³

The Interim Final Rule:

- Restores without change the expedited review and streamlined application procedures, echoing statements from the preamble to the OCC’s 1996 final rule release adopting these provisions that “many types of applications submitted by healthy banks whose applications should entail low levels of risk” support the OCC’s “calibrat[ion of] the extent of regulatory review an application receives to focus more resources on applications that are novel, are complex, or present potentially greater risk to the applicant bank”⁴; and
- Rescinds the Policy Statement, noting that “the Policy Statement [had] generated confusion and generally did not succeed in providing additional clarity to the banks or the public” and as a result “the banking industry may be unwilling to engage in economically beneficial mergers.”⁵

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The agency stated that it will consider issuing a new policy statement after reviewing public comments received on the Interim Final Rule, but it “believes that the general principles of OCC review are sufficiently captured” in existing policies and procedures, which “have existed for nearly thirty years” and are ones with which the banking industry and public are familiar.⁶

The Interim Final Rule will be effective upon publication in the Federal Register and comments on it are due within 30 days after publication.

REMARKS

The OCC’s actions today are consistent with those of the Federal Deposit Insurance Corporation, which earlier this year issued a proposal to rescind its 2024 policy statement on bank merger transactions (available [here](#)). The FDIC cited concerns that its policy statement made its bank merger review policy “less transparent and less predictable, leaving prospective applicants unclear about their prospects for approval and the resources and time they will need to allocate to the merger application process.”⁷ Similarly, Federal Reserve Governor Michelle Bowman also recently underscored the need to “implement a better, more timely, transparent, and viable” bank merger application process to support a healthy banking system.⁸

Acting Comptroller of the Currency Rodney E. Hood stated that the Interim Final Rule “reduce[s] burden and uncertainty for banks and supports a regulatory framework for bank mergers that is effective and not excessive,” thereby “[m]aking it easier for well-managed and well-capitalized banks to merge [which] promotes competition and facilitates economic growth and innovation.”⁹

Notably, the OCC’s actions come one day after the U.S. Senate adopted, by a vote of 53 to 46, a joint Congressional Review Act (“CRA”) resolution introduced by Senator John Kennedy (R-LA) that “disapproved” the 2024 Final Rule.¹⁰ A companion version of Senator Kennedy’s resolution has been introduced in the U.S. House of Representatives by Representative Andy Barr (R-KY).¹¹ A rule that is disapproved under the CRA may not be reissued in “substantially the same form.”¹² The Interim Final Rule notes that, as required by the CRA, the OCC will submit the Interim Final Rule and other appropriate reports to Congress and the Government Accountability Office for review.¹³

These actions and comments, particularly when considered in the context of more expeditious action on a number of recently-approved applications, suggest regulatory support for well-conceived bank consolidation transactions.

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ENDNOTES

- 1 OCC, *Interim Final Rule on Business Combinations under the Bank Merger Act; Rescission*, dated May 8, 2025, available at <https://www.occ.gov/news-issuances/news-releases/2025/nr-occ-2025-44a.pdf>. See also S&C's prior related memoranda [here](#) and [here](#).
- 2 2024 Final Rule at 7.
- 3 *Id.*
- 4 OCC, *Final Rule on Rules, Policies, and Procedures for Corporate Activities*, 61 Fed. Reg. 60342, 60342 (Nov. 27, 1996), available at <https://www.govinfo.gov/content/pkg/FR-1996-11-27/pdf/96-30058.pdf>.
- 5 Interim Final Rule at 9.
- 6 *Id.*
- 7 FDIC, *Proposed Rescission and Reinstatement of Statement of Policy; Request for Comment*, dated March 3, 2025, at 4.
- 8 Governor Bowman, *Speech at the Robbins Banking Institute Lecture Series*, February 27, 2025, available at <https://www.federalreserve.gov/newsevents/speech/bowman20250227a.htm>.
- 9 OCC, *OCC Issues Interim Final Rule on Bank Mergers*, dated May 8, 2025, available at <https://www.occ.treas.gov/news-issuances/news-releases/2025/nr-occ-2025-44.html>.
- 10 Sen. John Kennedy, *Senate passes Kennedy resolution to undo cumbersome Biden-era bank merger rule*, dated May 8, 2025, available at <https://www.kennedy.senate.gov/public/press-releases?id=B8760BDA-AAE6-48E4-A369-BEEE55032FE0>.
- 11 *Id.*
- 12 5 U.S.C. § 801(b)(2).
- 13 Interim Final Rule at 16.

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