



July 9, 2007

Regulation Comments  
Chief Counsel's Office  
Office of Thrift Supervision  
1700 G Street, N.W.  
Washington, D.C. 20552  
Attention: OTS-2007-0008

Re: Docket ID OTS-2007-0008

Ladies and Gentlemen:

The American Financial Services Association ("AFSA"<sup>1</sup>) submits this comment letter in response to the interim final rule regarding prohibited service at savings and loan holding companies ("Interim Rule") published by the Office of Thrift Supervision ("OTS") on May 8, 2007. AFSA appreciates this opportunity to comment on the Interim Rule.

#### Exempt Operations

AFSA recognizes the importance of ensuring the safety and soundness of insured depository institutions, the interests of depositors, and the public confidence in insured depository institutions. However, AFSA also appreciates the considerable burden and competitive harm that could result from subjecting all employees of an SLHC to the rigors of Part 585. For that reason, we strongly support an exemption such as the one provided under section 585.100(a) for employees of a SLHC whose responsibilities and activities are limited to agriculture, forestry, retail merchandising, manufacturing, or public utilities operations. We agree that such employees are unlikely to pose any substantial threat to the safety and soundness of a subsidiary insured depository institution, as noted in the preamble to the Interim Rule.

As currently drafted, section 585.100(a)(1) provides that an employee may be exempt from Part 585 if, among other things, the employee's responsibilities and activities are "limited solely to agriculture, forestry, retail merchandising, or public utilities operations," 72 Fed. Reg. 25948, 25956 (May 8, 2007). We understand that this exemption is available both to employees who are directly engaged in these areas, as well as those who provide support services to these areas. We believe that this list of select activities is too narrow to sufficiently accommodate the numerous employees of SLHCs who do not pose any substantial threat to an insured depository institution. We urge the OTS to extend the exemption to all employees whose responsibilities and activities are not "financial in nature," as used in section 4(k) of the Bank Holding Company

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<sup>1</sup> The American Financial Services Association, founded in 1916, is the trade association for a wide variety of consumer finance companies. AFSA's mission is to protect and improve the consumer credit business, maintain a positive public image, and create a legislative climate in which reasonable credit regulation can and will be enacted. AFSA operates in the public interest, encourages and maintains ethical business practices, and supports financial education for consumers of all ages.

Regulation Comments  
Office of Thrift Supervision  
July 9, 2007  
Page 2

Act. In the alternative, if the OTS is not prepared to expand the exemption to encompass all non-financial activities, we suggest adding, at a minimum, "media and entertainment" and "real estate development" to the list of exempt activities.

Case-By-Case Exemptions

As noted in the preamble to the Interim Rule, section 19(e)(2) of the Federal Deposit Insurance Act permits the OTS to provide exemptions from application of section 19(e)(1) to SLHCs by regulation or order. Part 585 implements this authority by providing a permanent exemption for employees engaged in certain activities and outlining procedures for individual-specific or position-specific exemption applications. However, we contend that section 19(e)(2) also permits the OTS to grant a specific exemption by order for a particular SLHC, which may be warranted by unique facts or circumstances of an SLHC. As such, we urge the OTS to clarify in Part 585 that it retains this authority and will exercise it where appropriate.

Once again, we appreciate the opportunity to comment on the Interim Rule. If you have any questions regarding our comments, please contact me at (202) 466-8616.

Respectfully submitted,



Bill Himpler  
Executive Vice President, Federal Affairs  
American Financial Services Association