



To: EFTA Board of Directors

Copy: EFTA Legislative & Regulatory Council

From: Kurt Helwig, President & CEO

Date: April 17, 2007

Re: Supreme Court Upholds OCC Preemption Authority in *Watters v. Wachovia*

In a preemption case seen as a major victory for the Office of the Comptroller of the Currency (OCC), the Supreme Court issued a ruling today stating that the National Bank Act “protects from state hindrance a national bank’s engagement in the business of banking whether considered by the bank itself or by an operating subsidiary.”

Justice Ginsburg writing for the 5-3 majority goes on to say that state regulators cannot interfere with the “business of banking” by subjecting national banks or the OCC licensed operating subsidiaries to multiple audits and surveillance under rival oversight regimes.”

This matter and its implications will be discussed more fully at the Legislative & Regulatory Council meeting Thursday, April 19 in Washington, DC.