

## Press Releases

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OTS 97-31 - OTS Simplifies Its Regulation Governing New Thrift Charters

# Office of Thrift Supervision

# NEWS

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### **OTS SIMPLIFIES ITS REGULATION GOVERNING NEW THRIFT CHARTERS**

WASHINGTON, D.C., May 19, 1997 -- In line with its efforts to reduce regulatory burden, the Office of Thrift Supervision (OTS) today issued a new rule that removes obsolete and duplicative provisions governing the chartering of new (de novo) federal thrifts and simplifies their charter application process.

The rule was published in today's Federal Register, and is effective July 1, 1997.

The final rule codifies the agency's existing policy statement on de novos, and conforms to existing law.

"Two years ago, OTS made a commitment to streamline and simplify its rules and regulations to make them easier to understand and use," said OTS Director Nicolas Retsinas. "The new de novo rule is the latest example of the ongoing efforts to fulfill that commitment."

Specifically, the new rule removes obsolete statutory references and duplicative requirements covered in other laws and regulations, including those pertaining to capital maintenance agreements and insider conflicts of interest. The final rule updates and clarifies requirements pertaining to an institution's business plan and its board of directors. Finally, the rule conforms the OTS rule to revised rules of the Federal Deposit Insurance Corporation (FDIC).

The minimum initial capitalization requirement for new federal thrifts is decreased from \$3 million to \$2 million, which is consistent with the FDIC's start-up capital requirement to obtain

deposit insurance. OTS retains the right to adjust the amount up or down on a case-by-case basis to ensure that the thrift has adequate capital to support its projected volume and type of business.

OTS will continue to assess the character of the organizers with regard to their ability to operate an association safely and soundly. OTS also will review the association's plan to meet the credit needs of its community through CRA and other activities.

The final regulation is nearly identical to the proposed rule issued by OTS on March 6, 1995, which elicited no public comment. OTS delayed issuing a final de novo rule last year pending completion of a major revision of its corporate governance and other related regulations.

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The Office of Thrift Supervision (OTS), a bureau of the U.S. Treasury, regulates and supervises the nation's thrift industry. OTS' mission is to ensure the safety and soundness of thrift institutions and to support their role as home mortgage lenders and providers of other community credit and financial services.

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