

Press Releases

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OTS 99-71 - OTS Issues New Guidance on Directors' Responsibilities

Office of Thrift Supervision

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Contact: William Fulwider

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OTS Issues New Guidance on Directors' Responsibilities

WASHINGTON, D.C., Oct. 21, 1999 - Directors of thrift institutions "must not abdicate responsibility for deciding policy" and "may never delegate" their responsibilities. Directors also "must exercise independent judgment in evaluating management's actions and competence."

These unequivocal statements are part of the introduction to the "[Directors' Responsibilities Guide](#),"  a new document unveiled today by the Office of Thrift Supervision (OTS) to 300 directors from 75 OTS-regulated thrifts meeting in Dallas to discuss the oversight role of directors of thrift institutions.

This is the first such program presented by a federal banking regulator, OTS said. The institutions represented are about a third of all OTS-regulated institutions in the agency's Midwest Region, which includes 14 states stretching from Texas to Minnesota. OTS is planning similar meetings for thrift directors in its other four regions over coming months.


"It is imperative and timely for us, as the thrift regulator, to reemphasize the key oversight role that active, well-informed directors play in the success of an institution, and for directors to continue to educate themselves about their duties and responsibilities," OTS Director Ellen Seidman asserted. "Our new guidance will assist them in fulfilling their role."

"The reason for doing this now," she said, "is that over the past several years, turnover has been high among thrift directors because of the influx of new institutions, mergers and acquisitions and retirements. Beyond those dynamics, however, we are seeing the impact of new delivery systems, such as the Internet, and other technological and demographic influences that we can be sure will make tomorrow's thrift operations different from today's."

The 32-page pocket-size directors' guide, while not intended as a complete set of guidelines, is significantly more comprehensive than the first such guide issued by OTS in 1989 and offers general assistance to directors in meeting their responsibilities. It covers such topics as selecting and retaining competent management, establishing a thrift's objectives and strategies, establishing policies and procedures to achieve those objectives, identifying and

understanding associated risks, monitoring and assessing the progress of operations and ensuring the institution's compliance with laws and regulations.

The guide's introduction notes that "underlying these guidelines is the assumption that you are making an honest effort to deal fairly with the association, to comply with all applicable laws and regulations, and to follow sound practices."

OTS also issued a second document, "[Directors' Guide to Management Reports](#),"  which explains various management reports commonly used by thrifts. This guide also will help directors in exercising their oversight duties and responsibilities.

[Read the Speech](#) - The Thrift Industry is Strong - But There Are Some Warning Signs.
Remarks by Ellen Seidman , Director, Office of Thrift Supervision, Directors' Forum, Dallas, TX

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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. For copies of news releases or other documents visit the OTS web page at www.ots.treas.gov.