

Transmittal

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Attached is a proposed rule that would permit mutual savings and loan institutions to create mutual holding companies. The regulation allows the mutual institutions to pursue any advantages offered by the mutual holding company structure, subject to provisions that protect safety and soundness and help to prevent insider abuse.

Mutual holding companies were first authorized by the Competitive Equality Banking Act of 1987, and the authorization was clarified by the Financial Institutions Reform, Recovery, and Enforcement Act of 1989. In proposing this rule, the Office of Thrift Supervision is attempting to be responsive to concerns that were expressed during the advance notice of proposed rulemaking and subsequent public hearing on mutual holding companies conducted by the Office's predecessor.

This rule is designed to keep the mutual holding company reorganization process as streamlined as possible, whether or not stock is issued by the subsidiary thrift. It also provides mutual holding companies as much parity as possible with stock holding companies, and gives them the flexibility of eventually converting to stock companies.

Furthermore, the Office is attempting to establish an application procedure that uses, to the fullest extent possible, regulatory forms that are already familiar to the thrift industry in its conversion to stock company structures.

The notice is published in the Federal Register, Vol. 56, No. 8, pp. 1126-1151. Comments on the proposed rule must be received on or before March 12, 1991, addressed to: Director, Information Services, Public Affairs Office, Office of Thrift Supervision, 1700 G Street NW, Washington, DC 20552.

Director
Office of Thrift Supervision

Attachment