

Transmittal



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Attached is a final rule that will revise the voluntary supervisory conversion regulation of the Office of Thrift Supervision (the "OTS"), 12 C.F.R. Part 563b, Subpart C.

The final rule will revise the current OTS supervisory conversion regulation by deleting the requirement that associations must be insolvent in order to qualify for a supervisory conversion, and providing instead that associations generally may undertake voluntary supervisory conversions if they are "significantly undercapitalized" under Prompt Corrective Action standards. This change will expand the group of savings associations eligible to undertake supervisory conversions, and thereby facilitate the recapitalization of mutual savings associations without government assistance.

The final rule generally requires that an association must be adequately capitalized following the supervisory conversion. The final rule also reduces the documentary burden and related expense imposed by the current rule's requirements. Finally, the final rule protects the interests of the association's mutual accountholders by generally requiring the establishment of liquidation accounts in connection with the conversion.

The rule is published in the *Federal Register*, Vol. 57, No. 212, pp. 49377-49382.

Director
Office of Thrift Supervision

Attachment