

Press Releases

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OTS 02-33 - OTS Changes Mutual-To-Stock Conversion Rules

Office of Thrift Supervision

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OTS CHANGES MUTUAL-TO-STOCK CONVERSION RULES

WASHINGTON – The Office of Thrift Supervision (OTS) today announced the publication of a final rule implementing changes to its mutual-to-stock conversion and mutual holding company regulations.

The final rule, which will be effective on October 1, 2002, is being published in tomorrow's Federal Register. The rule reflects public comments received on OTS proposals issued in July 2000 and April 2002 as part of a comprehensive regulatory strategy for mutual thrifts.

"OTS believes that the flexibility of financial institutions to choose their charter and form of organization is key to the success of our nation's financial system," said OTS Director James Gilleran. "Today's final rule is designed to ensure that institutions have the ability to choose the ownership structure that is right for them — be it mutual, stock or mutual holding company."

The rule retains the requirement that mutual institutions wishing to convert to stock form meet with OTS prior to conversion. OTS also continues to require that a detailed business plan be submitted with any application involving a mutual conversion. The final rule for the first time codifies OTS policy on the formation of charitable foundations by converting institutions. Several changes were made to provisions governing the establishment of management stock benefit plans in connection with mutual holding company stock issuances. The rule also adds demand account holders to the definition of savings account holders, and clarifies OTS policy regarding the amount of proceeds allowed at the holding company level.

With the issuance of the rule, OTS is also rewriting its regulations covering mutual-to-stock conversions into a plain language format. The rule contains revisions to all of the forms currently in the conversion regulations, plus a new form (Form OF) that facilitates the conversion process. In issuing the rule, OTS stressed that it does not have a preference for any organizational form. "As the industry's safety and soundness regulator, OTS's primary concern is that each institution operates from the organizational structure that is most properly suited to its individual situation and business objectives," said Deputy Director Rick Riccobono. "A carefully constructed business plan is essential to that."

Copies of the final rule, including the revised forms, as well as the two proposed rules, are available from the OTS website.

Final Rule - <http://www.occ.gov/static/news-issuances/ots/press-releases/ots-pr-2002-33a.pdf>

Appendices - <http://www.occ.gov/static/news-issuances/ots/press-releases/ots-pr-2002-33b.pdf>

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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's 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.