

OFFICE OF THRIFT SUPERVISION

Approval of Application to Rescind a Condition of Approval

Order No.: 2003-06
Date: February 14, 2003
OTS No.: 16102

Regions Morgan Keegan Trust, F.S.B., Birmingham, Alabama (Savings Bank), seeks approval of the Office of Thrift Supervision (OTS) of an application to rescind a condition of approval that was originally imposed by OTS Order No. 99-83, dated December 17, 1999. Order No. 99-83 approved, among other things, the formation of the Savings Bank. The condition (Condition 10) requires that:

At least 40 percent of the Savings Bank's board of directors must be individuals who are not officers or employees of and are otherwise independent of, the [former] Holding Company or affiliates thereof. At least one member of the Savings Bank's board of directors must be an individual who is not an officer, director or employee of the [former] Holding Company, is not an officer or employee of the Savings Bank and is otherwise independent of the [former] Holding Company, any affiliate and the Savings Bank. At least 50 percent of any audit and investment committees of the Savings Bank must be directors who are not officers or employees of, and are otherwise independent of, the Savings Bank, the [former] Holding Company or any affiliates.

In March 2001, the Savings Bank's former parent company, Morgan Keegan, Inc., was acquired by Regions Financial Corporation (New Holding Company). The Savings Bank is now a wholly owned subsidiary of MK Holding, Inc., which is wholly owned by the New Holding Company.

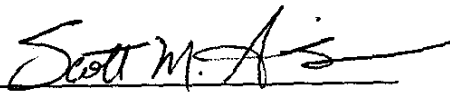
The New Holding Company plans to consolidate the trust operations of its various subsidiaries under a single management team, and wishes to install the Trust Management Committee (TMC) of Regions Bank (Bank), a subsidiary of the New Holding Company, as the board of the Savings Bank. The TMC has ten members: nine are officers of the Bank, and the remaining director is the president of the Savings Bank. All of the persons have extensive trust and related experience. The TMC is overseen by the New Holding Company's Trust Committee (Trust Committee). The Trust Committee has five members, four of whom are independent of the New Holding Company and any of its subsidiaries.

It is well established that OTS has the legal authority to impose conditions of approval on applications, in order to ensure that the relevant approval criteria are satisfied. Where a condition of approval is imposed in order to address certain concerns, it is appropriate to reconsider the condition when circumstances pertinent to the condition change.

In this case, OTS imposed Condition 10 based on concerns regarding the independence of the Savings Bank's board of directors. Such concerns were particularly significant because the Savings Bank's products were to be marketed primarily through registered representatives of the former holding company. OTS concludes that the presence of four independent directors (of a five person committee) on the New Holding Company's Trust Committee will provide sufficient independent oversight of the Savings Bank's board, and that the proposed board members have sufficient expertise and experience to oversee the Savings Bank's business. Therefore, OTS concludes that the purposes for imposing Condition 10 will be addressed otherwise, and that rescission of Condition 10 is appropriate.

Based on the foregoing, OTS hereby rescinds Condition 10. The remaining conditions of Order No. 99-83 remain in effect.

By order of the Director of the Office of Thrift Supervision, or his designee,
effective February 14, 2003.


Scott M. Albinson
Managing Director
Office of Supervision