

Press Releases

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OTS 96-30 - OTS Okays Interstate Trust Services via Federal Thrift's Agency Offices

Office of Thrift Supervision

News Release

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OTS OKAYS INTERSTATE TRUST SERVICES VIA FEDERAL THRIFT'S AGENCY OFFICES

WASHINGTON, D.C., April 30, 1996 -- Federal thrift institutions can offer trust services nationwide through agency offices, the Office of Thrift Supervision (OTS) declared in a recent legal opinion by Chief Counsel Carolyn Buck.

She stated that with approval from OTS, a federally chartered thrift can set up agency offices in any state to provide trust services, as long as the state authorizes its state banks or other companies to act as fiduciaries. The trust powers of the federal thrift in that state would be the same as those authorized for state-chartered institutions. Ms. Buck emphasized that a federal thrift need not have a home or branch office in a state in order to open an agency office to provide trust services.

An agency office is a limited purpose office of a federal savings association. It cannot, for example, offer all the services of a branch office, such as taking deposits.

The latest legal opinion builds on two earlier opinions. In May 1995, Ms. Buck wrote that a federal thrift could, with OTS approval, offer trust services through an operating subsidiary located in a state where the thrift had no other business presence. Today's opinion goes further by stating that federal thrifts do not have to have a separately incorporated subsidiary to offer trust services under such circumstances. They can offer them directly through agency offices.

As in today's opinion, the May 1995 opinion limited the trust activities to those the state authorizes for its state-chartered banks and other in-state companies.

A June 1995 OTS opinion addressed yet another structural option. The June opinion cleared the way for a brokerage holding company to acquire a thrift that engages in trust activities and market those trust activities nationwide through the parent company's brokerage operation.

The offices of the broker affiliate were not deemed to be offices of the thrift. Thus, the thrift was not required to obtain authorization to operate a trust office in each state where the broker was located.

Under this structure, the trust powers of the federal thrift are determined by the laws of the state where the thrift actually conducts its trust business, not the laws of the states where its services are marketed by the broker affiliate.

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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 call PubliFax at 202/906-5660, or visit the OTS web page at www.ots.treas.gov.