

## Press Releases

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OTS 97-57 - OTS Adopts Final Rule Simplifying Conversions

# Office of Thrift Supervision

## NEWS

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### **OTS ADOPTS FINAL RULE SIMPLIFYING CONVERSIONS**

WASHINGTON, D.C., Aug. 26, 1997 -- A final rule announced today by the Office of Thrift Supervision (OTS) allows a mutual depository institution, such as a credit union, to convert to a federal mutual thrift charter in one step rather than the two steps formerly required.

The rule, to be published in tomorrow's Federal Register and effective immediately, completes simplification of the process by which depository institutions can switch either to or from a thrift charter.

A converting mutual institution no longer will have to take the interim step of chartering a new federal mutual association and then combining the existing institution with the new federal entity. The change will enable institutions and the agency to save time, and possibly some cost, in the conversion process, OTS Director Nicolas Retsinas said. Institutions still must meet all applicable statutory and regulatory requirements, but the new process will reduce the burden on converting entities.

"The regulation is consistent with OTS' long-standing position that depository institutions should be free to operate under whatever charter best suits their business needs, consistent with safety and soundness," Retsinas asserted.

OTS previously has granted federal savings associations explicit authority to convert directly to a bank charter and has adopted regulations enabling stock depository institutions to convert directly to a federal stock savings association charter.

The new rule is essentially the same as the proposed rule issued last April. The agency received two comments, from the trade groups America's Community Bankers and the American Bankers Association, both of which were supportive.

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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.