

Press Releases

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OTS 98-22 - Revised Director, Senior Officer Notification Rules Proposed by
OTS

Office of Thrift Supervision

NEWS

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For further information

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Revised Director, Senior Officer Notification Rules Proposed By OTS

WASHINGTON, D.C., March 26, 1998 -- The Office of Thrift Supervision (OTS) today proposed modifying the types of situations in which it must be notified prior to the appointment of a director or the employment of a senior executive officer at thrift institutions.

While the regulatory change was required to conform to changes in the law, OTS saw the requirement as an opportunity to rewrite its regulation in plain English and eliminate unnecessary regulatory burden.

By law, certain savings associations and savings and loan holding companies must notify OTS before adding any individual to the board of directors or hiring any person as a senior executive officer. OTS then has 30 days in which to issue a notice disapproving the selection. OTS may give itself an additional 60 days in which to issue a notice of disapproval. If OTS does not disapprove within the time frame, the appointment or employment automatically may proceed.

The main change would eliminate two situations in which an association now must file a notice: (1) when the savings association has been chartered less than two years, and (2)

when the savings association or savings and loan holding company has undergone a change of control within the past two years.

Under the proposed rule, a notice is required under three situations: (1) when a savings association or its holding company is in a troubled condition, (2) when a savings association fails to meet minimum capital requirements, and (3) when OTS reviews a capital restoration plan and determines that prior notice is required. The same provisions are in the current rule for situations 1 and 2. Situation 3 is a new provision in the proposed rule.

Those changes were mandated by the Economic Growth and Regulatory Paperwork Reduction Act of 1996 (EGRPRA). In addition to changes required by law, OTS is proposing minor changes, such as revising the definitions of "director" and "senior executive officer." The proposed rule also notes that filings are required when an existing senior executive officer changes responsibilities.

The proposed rule would simplify regulations by eliminating specific notice content requirements and instead simply require information called for in current interagency forms and the Change in Bank Control Act. OTS could waive the prior notice requirement if delay due to filing the notice would pose a threat to the safety or soundness of the institution, would not be in the public interest, or if other extraordinary circumstances exist.

OTS coordinated with other federal banking agencies in drafting the proposal to conform generally to rules adopted by the Comptroller of the Currency and the Federal Reserve Board and proposed by the Federal Deposit Insurance Corporation.

The proposed rule is scheduled to be published in the March 27, 1998, edition of the Federal Register. OTS welcomes comments on the proposed rule. The comment period will close on May 26, 1998.

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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.