

Press Releases

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OTS 00-25 - Franklin Templeton to Convert Bank to Federal Thrift Charter

Office of Thrift Supervision

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For further information

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OTS 00-25

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Franklin Templeton to Convert Bank to Federal Thrift Charter

WASHINGTON, D.C., Feb. 28, 2000 -- The Office of Thrift Supervision (OTS) has granted the Franklin Templeton group of companies approval to convert its California-based commercial bank to a federal thrift charter and to merge its trust company into the new thrift.

Franklin Templeton, noted for its family of mutual funds, is part of Franklin Resources, Inc. (FRI), which owns the converting Franklin Bank, located in San Mateo, Calif. Franklin has been in the financial services business since 1947. Through subsidiaries, Franklin provides investment management, marketing, distribution and other administrative services to investment companies of the Franklin Templeton group, which comprise more than 40 investment companies with multiple portfolios.

The new thrift, named Franklin Templeton Bank and Trust, will be located in Salt Lake City and the existing San Mateo office will be a branch of the savings bank.

Franklin Bank will operate primarily in the consumer and small business financial services markets, including trust and custodial services to selected FRI and savings bank customers. The bank's trust activities role will be to act as custodian for IRAs and as trustee for employee benefit trusts. Investment of trust assets will not be limited to Franklin Templeton funds.

Franklin must obtain OTS approval of any material change in its approved business plan, and it is to develop and implement nondiscriminatory underwriting policies, procedures and forms for each product before initiating electronic and Internet banking, home equity lending and educational lending operations. As a thrift, Franklin is subject to statutory asset investment limitations as well.

OTS further requires Franklin to develop an oversight program that covers audit, compliance and risk management, and the audit program must be in place before Franklin begins fiduciary operations. The thrift has to submit quarterly reports on the number and type of trust accounts serviced, is subject to anti-tying laws and must abide by interagency guidelines covering the sale of uninsured products.

At least 40 percent of the thrift's board of directors must be individuals who are not officers or employees of the holding company or its affiliates, and at least one member has to be independent of the thrift, holding company and affiliates.

Any affiliate of the savings bank that engages in broker, dealer, investment company or investment advisor activities must be operated separately from the bank, and a majority of the savings bank's board must not be individuals who are officers, directors or employees of any securities affiliate.

Approval Order: Franklin Bank - <http://www.occ.gov/static/news-issuances/ots/press-releases/ots-pr-2000-25a.pdf>

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The Office of Thrift Supervision (OTS), an office 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.