

Press Releases

March 28, 2000

OTS 00-34 - OTS Lifts Regulatory Burden for Thrifts Engaging in Repurchase Agreements

Office of Thrift Supervision

FOR RELEASE at 10:00 A.M. EST

For further information

Monday, March 27, 2000

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OTS 00-34

202/906-6677

OTS Lifts Regulatory Burden for Thrifts Engaging in Repurchase Agreements

WASHINGTON, D.C., March 27, 2000 -- The Office of Thrift Supervision (OTS) has announced it will use an expedited rulemaking procedure to eliminate a regulatory burden on thrifts that engage in repurchase agreements.

OTS intends to withdraw 12 CFR 563.84, which governs the transfer and repurchase of government securities under certain repurchase obligations. OTS believes the rule no longer serves one of its original purposes, which was to prevent evasions of maximum interest rate ceilings on deposit accounts. These interest rate ceilings have not been in effect since March 1986. OTS also said the regulation may restrict thrifts' ability to engage in certain types of transactions, including sweep accounts.

Moreover, the regulation no longer is needed to protect consumers who buy U.S. government securities under repurchase agreements because existing statutes, regulations and guidance already adequately serve this function.

OTS is following direct final rulemaking procedures for the first time. The process, which has been used by other federal regulatory agencies, is designed to expedite non-controversial rules. As a result, OTS is publishing two rules simultaneously - a proposed rule and a direct final rule. The direct final rule will automatically become effective on May 30, 2000, unless significant adverse comments are received by April 27, 2000. If such comments are received, OTS will withdraw the final rule and address comments in another final rule based on the proposed rule. Otherwise, OTS will take no further action on the proposed rule.

Notice of Proposed Rule - <http://www.occ.gov/static/news-issuances/ots/press-releases/ots-pr-2000-34a.pdf>

Direct Final Rule - <http://www.occ.gov/static/news-issuances/ots/press-releases/ots-pr-2000-34b.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.