

Press Releases

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OTS 01-77 - Thrift Holding Companies May Engage in Activities Approved for Financial Holding Companies, Says OTS

Office of Thrift Supervision

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Thrift Holding Companies May Engage in Activities Approved for Financial Holding Companies, Says OTS

WASHINGTON - The Office of Thrift Supervision (OTS) will publish a proposed rule in the Thursday, November 8, issue of the *Federal Register* revising its regulations to make clear that all thrift holding companies are authorized under the Gramm-Leach-Bliley Act of 1999 to engage in the same list of financial activities as financial holding companies are permitted by the Federal Reserve Board. Gramm-Leach-Bliley gave financial holding companies new powers to engage in activities that are financial in nature, incidental to a financial activity or complementary to a financial activity.

Under the law, more than 85 percent of thrift holding companies are currently grandfathered to engage in a wider range of activities than those permissible for financial holding companies. The OTS proposal clarifies that those that are not grandfathered are eligible to be treated as financial holding companies, but generally also have to abide by conditions imposed by the Federal Reserve on financial holding companies.

Prior to the passage of Gramm-Leach-Bliley, holding companies with a single thrift subsidiary and certain multiple thrift holding companies were generally free to operate without restrictions on the types of activities they could engage in. Such holding companies are referred to as "exempt." For nonexempt holding companies, the only nonbanking activities they were permitted to engage in are those specified under the Home Owners Loan Act, or approved by regulation prior to March 5, 1987.

While the Gramm-Leach-Bliley Act did not affect permissible activities for exempt holding companies, it limited thrift holding companies' ability to qualify as exempt, grandfathering those that were in existence on May 4, 1999, and those with a holding company application pending with OTS on that date, provided they continue to meet the requirements for an exempt holding company. The universe of nonexempt holding companies will increase as new holding companies are approved.

A copy of the proposed rule is available on the OTS website at www.ots.treas.gov.

Proposed Rule - <http://www.occ.gov/static/news-issuances/ots/press-releases/ots-pr-2001-77a.pdf>

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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'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.