

Transmittal



June 14, 1996

Number: 150

The Office of Thrift Supervision (OTS) has proposed totally removing five of eight sections of its regulations dealing with conflicts of interest, corporate opportunity and hazard insurance, and updating and streamlining the remaining three. The attached proposal would cut out five and a half of the current six pages of regulatory text devoted to these subjects. The remaining text also would be written in more user-friendly language.

This proposal is part of OTS' ongoing program to simplify and streamline its regulations and make them more user friendly, consistent with statutory requirements for safety and soundness.

Proposed for elimination, in addition to a hazard insurance section, are two sections on referral of insurance business and those on restrictions involving loan services and loans involving mortgage insurance.

The preamble to the proposal also clarifies the circumstances under which OTS will apply the corporate opportunity concept to dealings between a thrift and its holding company — an area of frequent inquiry. Barring egregious circumstances or instances where a thrift is undercapitalized or un-

profitable, OTS generally will defer to holding company decisions regarding where to allocate lines of business within a holding company structure. This is conditioned on there being no violation of statutory provisions governing transactions with affiliates or general principles of safety and soundness. This approach is consistent with that of the other federal banking agencies.

In developing the proposal, OTS staff consulted with those who use the regulations on a daily basis, including OTS regional staff and representatives of the thrift industry.

The notice of proposed rulemaking was published in the June 14, 1996, edition of the *Federal Register*, Vol. 61, No. 116, pp. 30190-30197. Written comments must be received on or before August 13, 1996, and should be addressed to: Manager, Dissemination Branch, Records Management and Information Policy Division, Office of Thrift Supervision, 1700 G Street, N.W., Washington, DC 20552.

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