

Press Releases

July 22, 1997

OTS 97-46 - OTS Proposes to Update Fiduciary Activities Rule

Office of Thrift Supervision

NEWS

FOR RELEASE at 10:15 a.m. EDT
Tuesday, July 22, 1997
OTS 97-46

For further information
Contact: Paul Lockwood
202/906-6693

OTS PROPOSES TO UPDATE FIDUCIARY ACTIVITIES RULE

WASHINGTON, D.C., July 22, 1997 -- Modernization of rules governing trust and other fiduciary activities of federal savings associations was proposed today by the Office of Thrift Supervision (OTS).

This would be the first comprehensive update of OTS fiduciary rules since 1980. The proposal reflects new developments in the fiduciary activities of federal associations, OTS said. The proposal also streamlines the regulations and eliminates unnecessary regulatory burden.

The revised OTS rules are consistent with changes adopted by the Comptroller of the Currency at the beginning of the year for national banks.

The proposal also would amend OTS' Community Reinvestment Act (CRA) regulations to exempt from CRA requirements certain special-purpose financial institutions that do not make loans or offer other commercial or retail banking services. This provision responds to a marketplace change in which some OTS-regulated thrifts have organized solely to offer trust services locally or nationwide, and makes the OTS CRA regulation consistent with those of other federal banking regulators.

Currently, approximately 75 thrift institutions offer trust services to their customers out of 135 authorized to do so. While the number of thrifts providing trust services has remained small, the value of trust assets they administer has increased to more than \$60 billion currently from \$7 billion in 1985.

The proposal identifies specific fiduciary activities that are covered by the regulation. These include: acting in traditional fiduciary capacities, such as trustee, executor, administrator, and guardian; acting in any capacity in which the institution possesses investment discretion on behalf of another; and providing investment advice for a fee, regardless of whether or not the customer follows that advice.

The proposed rule notes that federal thrifts may provide trust services from offices in more than one state.

The proposal reflects prior OTS interpretations that a federal thrift can offer any fiduciary service that is authorized for competing providers (including state or federally chartered banks) operating in the same state as the thrift's trust office.

The proposal is scheduled to be published in the July 23 edition of the Federal Register. Comments will be accepted for 60 days following publication.

###

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.