

## Press Releases

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April 3, 2001

### OTS 01-26 - OTS Director Seidman Proposes Enhancing Thrift Charter, Questions Fairness Of Bank Supervision Charges

#### Office of Thrift Supervision

FOR RELEASE at 1:00 P.M. EDT

For further information

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### OTS Director Seidman Proposes Enhancing Thrift Charter, Questions Fairness Of Bank Supervision Charges

WASHINGTON - Office of Thrift Supervision Director Ellen Seidman today announced a series of legislative proposals designed to give thrifts the right to conduct some additional activities and take actions comparable to commercial banks.

She proposed extending to thrifts the bank exemption from Investment Advisers Act registration requirements and, for specified activities, from the broker-dealer registration requirements under the Securities Exchange Act of 1934. These changes would permit thrifts to provide investment advice, engage in third party brokerage arrangements and trust and custodial activities, offer sweep accounts where balances are swept directly into money market mutual funds, and permit transactions in municipal securities on the same basis as commercial banks do so.

"There is no reason to treat thrifts and banks differently," Ms. Seidman said.

Speaking at America's Community Bankers Government Affairs Conference, she outlined an OTS proposal to Congress to "get rid of the obsolete restriction on thrifts' ability to make certain community development investments and replace it with the same flexible authority national banks have to make investments that are designed primarily to promote the public welfare, including the welfare of low- and moderate-income communities or families, such as by providing housing, services, or jobs."

One proposal would give thrifts the authority to merge with one or more of their nonthrift subsidiaries or affiliates, equivalent to recently enacted authority for national banks where appropriate for sound business reasons, and if otherwise permitted by law.

Another proposal would remove the requirement that a service company must be organized under the laws of the state where the home office of the thrift is located.

Ms. Seidman also reiterated OTS's support for legislative changes that would benefit thrifts and banks alike, such as allowing the payment of interest on business checking accounts and responsible deposit insurance reform.

She again questioned the fairness in the way that depository institutions pay for their supervision. "The current system is simply not fair to federal thrifts, nor to their customers, nor to regulators, nor - ultimately - to the American people."

Ms. Seidman raised three issues for consideration by the Congress and thrift industry to pay for effective bank supervision in the future:

1. Covering the entire cost of federal and state supervision of all charters from the deposit insurance funds' earnings.
2. Keeping insurance and supervision costs separate, but having consolidated insurance and supervision billing for all institutions with separate line items for each state or federal regulator's supervision costs.
3. Recognizing that more intense supervision of troubled institutions costs substantially more but can protect the insurance funds, raising the question of whether those incremental supervisory costs should be deducted from the increased insurance assessment on troubled institutions.

Ms. Seidman also announced steps OTS is taking to streamline its examinations to reduce burdens while, at the same time, focusing on risks that could present the greatest problems. Examples include more off site work so that examiners are better prepared and less intrusive when they arrive on site, conducting paperless examinations, and streamlining loan-sampling requirements.

Attachment - <http://www.occ.gov/static/news-issuances/ots/press-releases/ots-pr-2001-26a.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](http://www.ots.treas.gov).