The Office of Thrift Supervision (OTS) is amending its regulations governing mutual-to-stock conversions of insured savings associations. The purpose of these amendments is to revise, clarify and update the current regulations to strengthen the conversion standards and ensure the integrity of the conversion process.

Key provisions of the attached interim final rule:

- Prohibit use of conversion stock to fund management stock benefit and recognition plans (called MRPs) at the time of conversion. MRP and stock option plans may be proposed for shareholder approval no sooner than the first annual meeting following conversion.

- Grant eligible "local" account holders first priority to purchase conversion stock. These are account holders who have been depositors for at least a year prior to the conversion application and who reside in the converting association's "local community" or within 100 miles of a home or branch office.

- Prohibit use of "running" proxies, which are proxies previously obtained by a converting association that could be used by management if a voting member did not execute another proxy or otherwise revoke the first one.

- Revise appraisal standards to require a more complete report with sufficient detail to support the appraiser's conclusions on the market value of the converting institution.

- Eliminate merger-conversions, except in supervisory cases.

Other provisions of the rule require submission of a business plan with the application; extend the public comment period on applications from 10 to 20 days; prohibit the repurchase of a converted associa-

The interim final rule was published in the May 3, 1994 edition of the Federal Register, Vol. 59, No. 84, pp. 22725-22735. Written comments must be received on or before June 17, 1994, and should be addressed to: Director, Information Services, Public Affairs Office, Office of Thrift Supervision, 1700 G Street, N.W., Washington, D.C. 20552.