



Office of the Comptroller of the Currency

Thrift Supervision Division
400 7th St. SW, Suite 3E-218
Mail Stop 8E-12
Washington, DC 20219

November 24, 2015

Mr. Charles J. Boulier
Chairman
America's Mutual Banks
701 8th Street, NW
Washington, DC 20001

Re: Merger Conversions

Dear Mr. Boulier:

We received your October 21, 2015 letter referencing the Office of the Comptroller of the Currency's (OCC) policy for merger conversion transactions. Comptroller Curry asked me to respond on his behalf. Thank you for the letter and your interest in ensuring that mutual institutions remain a vibrant part of the U.S. banking system. Comptroller Curry is a strong supporter of all community banks, and in particular federal mutual savings associations. Moreover, he understands the importance of protecting the rights of members of mutual institutions in the context of conversions from mutual to stock form.

As you are aware, on July 21, 2011 (transfer date), pursuant to Title III, section 312¹ of the Dodd-Frank Wall Street Reform and Consumer Protection Act (Dodd-Frank Act),² all functions of the Office of Thrift Supervision (OTS) relating to federal savings associations were transferred to the OCC. The Dodd-Frank Act continues all OTS orders, resolutions, determinations, agreements, regulations, interpretive rules, other interpretations, guidelines, procedures, and other advisory materials in effect the day before the transfer date. It allows the OCC to enforce these issuances with respect to federal savings associations, unless the OCC modifies, terminates, or sets aside such guidance or until superseded by the OCC, a court, or operation of law.³

Conversions of federal savings associations from mutual to stock form of organization are subject to scrutiny in accordance with long-standing regulatory requirements. Those requirements establish a framework for an orderly process for such conversions. The conversion regulations that the OCC's predecessors⁴ promulgated include significant protections of the rights of the members of the mutual institution. The OCC has not altered or revised the long-

¹ Codified at 12 U.S.C. § 5412(b)(2)(B)(i).

² Pub. L. 111-203, 124 Stat. 1376 (2010).

³ Section 316(b) of the Dodd-Frank Act, 124 Stat. at 1525 (*codified* at 12 U.S.C. § 5414).

⁴ The OTS and the Federal Home Loan Bank Board.

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standing policy for merger conversions. Since August 2011, the OCC has approved three such transactions and, in each case, the terms of the transactions have been consistent with this policy.

To facilitate the OCC's enforcement and administration of former OTS rules and to make appropriate changes to reflect OCC supervision of federal savings associations, the OCC republished OTS regulations found in Chapter V of Title 12 of the Code of Federal Regulations in Chapter I of Title 12 of the Code of Federal Regulations.⁵ The only changes made to the mutual to stock conversion rules since the transfer date are those necessary to renumber the provisions of the regulation that were formerly found at 12 CFR Part 563b and to make those nomenclature changes that were necessary to reflect the transfer of the rulemaking authority from the OTS to the OCC.

Thank you again for your letter. We appreciate your interest in the OCC's consideration of merger conversion transactions. As the OCC's Deputy Comptroller for Thrift Supervision, I share the Comptroller's support for the mutual charter. Vibrant and strong mutual institutions provide important financial services to their communities and consumers. The protection of the rights of members in mutual savings associations is critical to their success. Please contact me at Michael.Brickman@occ.treas.gov if you have any additional questions.

Sincerely,



Michael R. Brickman
Deputy Comptroller for Thrift Supervision

⁵ 76 Fed. Reg. 48950 (Aug. 9, 2011).