

Mutual Alert



OCC EGRPRA Housecleaning Facilitates Mutual Mergers By Eliminating The Need For Certain Step Merger Transactions

The OCC released today the final rule to remove outdated or unnecessary provisions of certain rules to reduce regulatory burden on national banks and federal savings associations as part of the agency's review of its rules required by the Economic Growth and Regulatory Paperwork Reduction Act (EGRPRA) of 1996.

The rule contains a number of provisions of general applicability but several sections in particular are noteworthy for their benefit to mutual associations. Specifically, the OCC eliminated a number of regulatory provisions that were unnecessarily delaying the time for processing mergers between federal and state chartered mutual associations, and mergers between federal mutuals and state stock companies that are subsidiaries of MHCs without minority stockholders. Previously, these transactions involved complicated structures involving interim bank formation that required OCC, FDIC and state approval. This increased the time and expense of completing what is essentially a simple combination transaction between two mutual banks. The new rule eliminates the necessity for the step transaction and FDIC insurance of accounts for an interim institution and authorizes direct merger between these institutions without the necessity of an interim step. AMB has advocated for this change for over a year and is pleased that the OCC recognized the desirability of facilitating mergers among mutual institutions. This change will be particularly helpful to banks that are subsidiaries in mutual holding company structures that are planning combinations.

The Rule also contains some minor corrections to a number of regulations including the Federal mutual bylaw regulations revising certain incorrect cross references. A link to the regulation is below.

Related Link

[Federal Register Notice](#)