

Legal Affairs

The OTS fields a high-quality legal team that plays a wide-ranging role in fulfilling the mission of the agency and serving the industry that OTS regulates.

The team:

- Drafts legal opinions that define permissible thrift powers and activities, and corporate structures.
- Directs an enforcement program that includes taking action against inappropriate conduct by thrifts or their employees.
- Helps to draft proposed legislation and write resulting regulations.
- Provides guidance on applications for new thrift charters and for new activities under existing charters.
- Litigates cases involving the OTS up to the U.S. Circuit Court of Appeals.
- Oversees attorneys in OTS regional offices who provide day-to-day counsel to examiners and thrifts.

Congressional passage in October 2006 of the "Financial Services Regulatory Relief Act" capped three years of work to reduce regulatory burden in the nation's financial services industry. Director Reich spearheaded the effort among the federal financial regulatory agencies and the OTS legal team had a central role in analyzing proposed provisions that shaped the final bill.

The OTS strongly supports the mutual form of thrift ownership, in which shareholders rather than holders of publicly traded stock own the institution. Mutuals tend to be small, community-oriented institutions that

concentrate on the financial needs of their communities without pressure from stockholders for higher returns.

However, converting a thrift from mutual to stock ownership allows institutions to raise capital to operate their businesses. Billions of dollars have flowed into the thrift industry through such conversions. The OTS legal team is heavily involved in ensuring the integrity of the conversion process and preventing abuses.

The OTS legal team completed regulatory projects of significance for the industry, including final rules on:

- Management Official Interlocks;
- Subordinated Debt Securities and Mandatorily Redeemable Preferred Stock;
- Community Reinvestment Act — Interagency Uniformity;
- Stock Benefit Plans in Mutual-to-Stock Conversions and Mutual Holding Company Structures; and
- Expanded Examination Cycle for Certain Small Institutions.

OTS also issued the following proposed and interim rules: Risk Based Capital Guidelines; Capital Adequacy Guidelines; Capital Maintenance; Domestic Capital Modifications; Optional Charter Provisions in Mutual Holding Company Structures; Model Privacy Form Under the Gramm-Leach-Bliley Act; Permissible Activities of Savings and Loan Holding Companies; Personal Transactions in Securities; and Prohibited Service at Savings and Loan Holding Companies ■