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FFIEC Issues Statement on Regulatory Conversions

The Federal Financial Institutions Examination Council (FFIEC) today issued the *Statement on Regulatory Conversions* to reaffirm that the supervisors are unified in their approach to regulatory conversions. Supervisors will only consider applications undertaken for legitimate reasons and will not entertain regulatory conversion applications that undermine the supervisory process. It is expected prospective supervisors will follow existing supervisors' work on examination and enforcement actions, including consumer protection and safety and soundness issues.

Consistent with the FFIEC's role of maintaining uniform supervisory principles and standards for all regulated entities, the Statement's purpose is to ensure that charter conversions or changes in an institution's regulatory agencies support current or prospective supervisory actions. Conversion requests submitted while serious or material enforcement actions are pending with the current chartering authority or primary federal regulator should not be entertained because such requests could delay or undermine supervisory actions. Also, for any institution with a rating of 3, 4, or 5 (or "Needs to Improve" or "Substantial Noncompliance" regarding Community Reinvestment Act performance), or that has a serious or material corrective program in place or being contemplated, the prospective chartering authority will consult with the Federal Reserve Board, the Federal Deposit Insurance Corporation, and the National Credit Union Administration, as appropriate.

The FFIEC expects that ratings assigned under uniform rating systems and outstanding corrective programs will remain in place following a charter conversion and/or supervisory agency change. The statement can be found at www.ffiec.gov.

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Attachment

The FFIEC was established in March 1979 to prescribe uniform principles, standards, and report forms and to promote uniformity in the supervision of financial institutions. The Council has six voting members: the Board of Governors of the Federal Reserve System, the Federal Deposit Insurance Corporation, the National Credit Union Administration, the Office of the Comptroller of the Currency, the Office of Thrift Supervision, and the State Liaison Committee (composed of five representatives of state agencies that supervise financial institutions).

The FFIEC was established on March 10, 1979, pursuant to title X of the Financial Institutions Regulatory and Interest Rate Control Act of 1978 (FIRA), Public Law 95-630. In 1989, title XI of the Financial Institutions Reform, Recovery and Enforcement Act of 1989 (FIRREA) established The Appraisal Subcommittee (ASC) within the Examination Council.

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