Comptroller of the Currency, Treasury

§ 192.510 May I repurchase shares after conversion?

(a) You may not repurchase your shares in the first year after the conversion.

(b) You may provide dividend equivalent rights or dividend adjustment rights to allow for stock splits or other adjustments to your stock in your ESOP, MRP, and Option Plan.

(c) The restrictions in paragraph (a) of this section do not apply to plans implemented more than 12 months after the conversion, provided that materials pertaining to any shareholder vote regarding such plans are not distributed within the 12 months after the conversion. If a plan adopted in conformity with paragraph (a) of this section is amended more than 12 months following your conversion, your shareholders must ratify any material deviations to the requirements in paragraph (a).

§ 192.505 May my directors, officers, and their associates freely trade shares?

(a) Directors and officers who purchase conversion shares may not sell the shares for one year after the date of purchase, except that in the event of the death of the officer or director, the successor in interest may sell the shares.

(b) You must include notice of the restriction described in paragraph (a) of this section on each certificate of stock that a director or officer purchases during the conversion or receives in connection with a stock dividend, stock split, or otherwise with respect to such restricted shares.

(c) You must instruct your stock transfer agent about the transfer restrictions in this section.

(d) For three years after you convert, your officers, directors, and their associates may purchase your stock only from a broker or dealer registered with the Securities and Exchange Commission. However, your officers, directors, and their associates may engage in a negotiated transaction involving more than one percent of your outstanding stock, and may purchase stock through any of your management or employee stock benefit plans.

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§ 192.515 What information must I provide to the appropriate Federal banking agency before I repurchase my shares?

(a) To repurchase stock in the first year following conversion, other than repurchases under §192.510(a)(3) or (a)(4), you must file a written notice with the appropriate OCC licensing office if you are a Federal savings association and with the appropriate FDIC region if you are a state savings association. You must provide the following information:

1. Your proposed repurchase program;
2. The effect of the repurchases on your regulatory capital; and
3. The purpose of the repurchases and, if applicable, an explanation of the extraordinary circumstances necessitating the repurchases.

(b) You must file your notice with the appropriate OCC licensing office if you are a Federal savings association and with the appropriate regional director of the FDIC if you are a state savings association at least ten days before you begin your repurchase program.

(c) You may not repurchase your shares if the appropriate Federal banking agency objects to your repurchase program. The appropriate Federal banking agency will not object to your repurchase program if:

1. Your repurchase program will not adversely affect your financial condition;
2. You submit sufficient information to evaluate your proposed repurchases;
3. You demonstrate extraordinary circumstances and a compelling and valid business purpose for the share repurchases; and
4. Your repurchase program would not be contrary to other applicable regulations.

§ 192.520 May I declare or pay dividends after I convert?

You may declare or pay a dividend on your shares after you convert if:

(a) The dividend will not reduce your regulatory capital below the amount required for your liquidation account under §192.450;
(b) You comply with all capital requirements under part 167 of this chapter;
(c) You comply with the capital distribution requirements under part 163, subpart E, of this chapter; and
(d) You do not return any capital, other than ordinary dividends, to purchasers during the term of the business plan submitted with the conversion.

§ 192.525 Who may acquire my shares after I convert?

(a) For three years after you convert, no person may, directly or indirectly,