

*** DRAFT - NOT YET FILED ***

1301:2-3-03

Operating subsidiaries.

- (A) Subject to the requirements and limitations of this rule, a savings and loan association may, through an operating subsidiary, exercise all powers, except for deposit taking, a savings and loan association may exercise directly in accordance with Chapter 1151. of the Revised Code.
- (B) A savings and loan association that intends to establish, acquire, or engage in new activities in an operating subsidiary shall give to the superintendent not less than thirty days prior notice of that intention. The notice shall include all of the following:
- (1) A description of the activity the operating subsidiary will be engaging in and the statutory authority for the activity;
 - (2) The amount of the savings and loan association's existing or proposed direct or indirect investment in the operating subsidiary with calculations showing the investment as a percentage of the savings and loan association's capital and the effect of the proposed investment on the savings and loan association's capital adequacy;
 - (3) A copy of the savings and loan association's business plan for the operating subsidiary;
 - (4) A description of the savings and loan association's expertise in the activity; and
 - (5) A copy of the savings and loan association's policy and practice regarding any anticipated involvement in the operating subsidiary's activities by a director, executive officer, or principal shareholder of the savings and loan association or any of their related interests.
- (C) Upon receipt of a notice required by paragraph (B) of this rule, the superintendent shall, in writing, accept the notice as sufficiently complete to commence consideration, request additional information, or return the notice as substantially incomplete. The superintendent may request any additional information the superintendent finds relevant to the savings and loan association's proposed establishment or acquisition of or engaging in additional activities in an operating subsidiary. A savings and loan association may establish, acquire, or engage in new activities in an operating subsidiary thirty days after the date the superintendent accepts the notice as sufficiently complete to commence consideration unless, within that time, the superintendent either disapproves or advises the savings and

loan association in writing the superintendent will take additional time to make a determination. The superintendent may affirmatively approve a savings and loan association's establishment or acquisition of or engaging in new activities in an operating subsidiary, and may condition the approval as the superintendent determines is appropriate.

(D) An operating subsidiary is subject to all of the following limitations and requirements:

- (1) An operating subsidiary must be in a business form that provides limited liability for its equity holders, such as a corporation or limited liability company;
- (2) The savings and loan association must own, directly or indirectly, more than fifty percent of the operating subsidiary's voting equity interests;
- (3) No person other than the savings and loan association may exercise effective operating control over the operating subsidiary;
- (4) An operating subsidiary may only engage in activities a savings and loan association is authorized to engage in pursuant to Chapter 1151. of the Revised Code.

(E)

- (1) Unless otherwise provided by statute, rule, or administrative guideline, all provisions of the Revised Code, the Administrative Code, and the administrative guidelines of the division of financial institutions shall apply to a savings and loan association and its operating subsidiaries to the same extent, and a savings and loan association and its operating subsidiaries shall be treated as a unit for purposes of statutory and regulatory requirements and limitations.

- (2) The limitations on a savings and loan association's loans to a single borrower and investments in the securities of a single issuer do not apply to a savings and loan association's loans to and investment in its operating subsidiaries.

(F) The superintendent's authority to examine a savings and loan association extends to the examination of its operating subsidiaries, and the superintendent's authority to take any supervisory or enforcement action against a savings and loan association extends to an action against the savings and loan association's operating subsidiaries.

- (G) A savings and loan association that controls a service corporation that satisfies the limitations and requirements of paragraph (D) of this rule may give notice in accordance with paragraph (B) of this rule of its intention to establish the service corporation as an operating subsidiary. The superintendent may excuse any of the elements of the notice that are otherwise required in the case of a savings and loan association that intends to establish an entity that is presently a service corporation as an operating subsidiary.

Five Year Review (FYR) Dates:

Certification

Date

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