

stock or voting rights in a savings association.

(2) *Savings association.* The term “savings association” means a savings association, whether in mutual or stock form, and any savings and loan holding company as defined in section 10 of the Home Owners’ Loan Act.

(3) *Stock.* The term “stock” means any permanent or guaranty stock or other nonwithdrawable account, share, or equity security in a savings association.

(4) *Voting stock.* The term “voting stock” means any stock which carries voting rights.

(5) *Voting rights.* The term “voting rights” means any proxies, consents, or authorizations which give the holder(s) the right to vote with respect to shares of voting stock or withdrawable accounts in a savings association.

(b) *Reports of change in chief executive officer or director.* Whenever a change resulting in control or a change in control of a savings association has occurred concurrently with or within 60 days after or 12 months before a change or replacement of the chief executive officer or any director of the savings association, a report shall be filed containing the following:

(1) The name of the new chief executive officer or director;

(2) The effective date of the person’s appointment or election; and

(3) A statement of the person’s past and current business and professional affiliations.

(c) *Form and filing of reports.* (1) Unless otherwise specified by the Office, a report required by § 563.181 of this part or this section § 563.183 shall be done in accordance with § 516.1(c) of this chapter.

(2) Such a report shall be made by the president or other chief executive officer of the savings association.

(3) Such a report shall be filed within 15 days after the person making it learns of the change in control or the activity which necessitates filing the report, except that a report required under paragraph (b) of this section shall be filed within 15 days after the effective date of the change or replacement of the chief executive officer or director, or within 15 days after the officer making the report obtains knowl-

edge of the change or replacement, whichever occurs later.

(d) *Other reports.* The Office may also require savings associations and individuals or other persons who have or have had any connection with the management of any savings association, including any present or former director, officer, controlling person, or agent of a savings association, to provide such periodic or other reports as it may determine to be necessary or appropriate for protection of investors or the Office.

[54 FR 49552, Nov. 30, 1989, as amended at 60 FR 66718, Dec. 26, 1995]

**§ 563.190 Bonds for directors, officers, employees, and agents; form of and amount of bonds.**

(a) Each savings association shall maintain fidelity bond coverage. The bond shall cover each director, officer, employee, and agent who has control over or access to cash, securities, or other property of the savings association.

(b) The amount of coverage to be required for each savings association shall be determined by the association’s management, based on its assessment of the level that would be safe and sound in view of the association’s potential exposure to risk; provided, such determination shall be subject to approval by the association’s board of directors.

(c) Each savings association may maintain bond coverage in addition to that provided by the insurance underwriter industry’s standard forms, through the use of endorsements, riders, or other forms of supplemental coverage, if, in the judgment of the association’s board of directors, additional coverage is warranted.

(d) The board of directors of each savings association shall formally approve the association’s bond coverage. In deciding whether to approve the bond coverage, the board shall review the adequacy of the standard coverage and the need for supplemental coverage. Documentation of the board’s approval shall be included as a part of the minutes of the meeting at which the board approves coverage. Additionally, the

board of directors shall review the association's bond coverage at least annually to assess the continuing adequacy of coverage.

[57 FR 12698, Apr. 13, 1992]

**§ 563.191 Bonds for agents.**

In lieu of the bond provided in § 563.190 of this part in the case of agents appointed by a savings association, a fidelity bond may be provided in an amount at least twice the average monthly collections of such agents, provided such agents shall be required to make settlement with the savings association at least monthly, and provided such bond is approved by the board of directors of the savings association. No bond need be obtained for any agent that is a financial institution insured by the Federal Deposit Insurance Corporation.

**§ 563.200 Conflicts of interest.**

If you are a director, officer, or employee of a savings association, or have the power to direct its management or policies, or otherwise owe a fiduciary duty to a savings association:

(a) You must not advance your own personal or business interests, or those of others with whom you have a personal or business relationship, at the expense of the savings association; and

(b) You must, if you have an interest in a matter or transaction before the board of directors:

(1) Disclose to the board all material nonprivileged information relevant to the board's decision on the matter or transaction, including:

(i) The existence, nature and extent of your interests; and

(ii) The facts known to you as to the matter or transaction under consideration;

(2) Refrain from participating in the board's discussion of the matter or transaction; and

(3) Recuse yourself from voting on the matter or transaction (if you are a director).

[61 FR 60178, Nov. 27, 1996]

**§ 563.201 Corporate opportunity.**

(a) If you are a director or officer of a savings association, or have the power to direct its management or

policies, or otherwise owe a fiduciary duty to a savings association, you must not take advantage of corporate opportunities belonging to the savings association.

(b) A corporate opportunity belongs to a savings association if:

(1) The opportunity is within the corporate powers of the savings association or a subsidiary of the savings association; and

(2) The opportunity is of present or potential practical advantage to the savings association, either directly or through its subsidiary.

(c) OTS will not deem you to have taken advantage of a corporate opportunity belonging to the savings association if a disinterested and independent majority of the savings association's board of directors, after receiving a full and fair presentation of the matter, rejected the opportunity as a matter of sound business judgment.

[61 FR 60179, Nov. 27, 1996]

**Subpart H—Notice of Change of Director or Senior Executive Officer**

SOURCE: 63 FR 51274, Sept. 25, 1998, unless otherwise noted.

**§ 563.550 What does this subpart do?**

This subpart implements 12 U.S.C. 1831i, which requires certain savings associations and savings and loan holding companies to notify the OTS before appointing or employing directors and senior executive officers.

**§ 563.555 What definitions apply to this subpart?**

The following definitions apply to this subpart:

*Director* means an individual who serves on the board of directors of a savings association or savings and loan holding company. This term does not include an advisory director who:

(1) Is not elected by the shareholders;

(2) Is not authorized to vote on any matters before the board of directors or any committee of the board of directors;

(3) Provides only general policy advice to the board of directors or any