



**Federal Deposit Insurance Corporation**  
550 17th Street NW, Washington, D.C. 20429-9990

**Financial Institution Letter**  
**FIL-40-2009**  
**July 7, 2009**

## **FFIEC STATEMENT ON REGULATORY CONVERSIONS**

**Summary:** The Federal Financial Institutions Examination Council (FFIEC) has issued the attached *FFIEC Statement on Regulatory Conversions* to reaffirm that charter conversions or changes in primary federal regulator should only be conducted for legitimate business and strategic reasons.

**Distribution:**

All FDIC-Supervised Institutions

**Suggested Routing:**

Chief Executive Officer

**Attachment:**

*FFIEC Statement on Regulatory Conversions*

**Contact:**

William R. Baxter, Sr. Examination Specialist,  
202.898.8514 or [wbaxter@fdic.gov](mailto:wbaxter@fdic.gov)

**Note:**

FDIC financial institution letters (FILs) may be accessed from the FDIC's Web site at [www.fdic.gov/news/news/financial/2009/index.html](http://www.fdic.gov/news/news/financial/2009/index.html).

To receive FILs electronically, please visit <http://www.fdic.gov/about/subscriptions/fil.html>.

Paper copies of FDIC financial institution letters may be obtained through the FDIC's Public Information Center, 3501 Fairfax Drive, E-1002, Arlington, VA 22226.

**Highlights:**

- Financial institutions may choose to operate under the state or federal charter that best accommodates their legitimate business and strategic needs.
- Conversion requests submitted while serious or material enforcement actions are pending should not be entertained.
- Institutions that intend to change their charter or banking supervisor will continue to seek approval through an application process with the prospective chartering authority and primary federal regulator, in consultation with state authorities.
- Ratings assigned under the banking agencies' uniform rating systems and outstanding corrective programs will remain in place following a charter conversion and/or supervisory agency change.
- Any regulatory conversion request involving an institution with a current or proposed rating of 3, 4, or 5 (or "Needs Improvement" or "Substantial Noncompliance" regarding Community Reinvestment Act performance), or is subject to a current or pending corrective program that is serious or material will require consultation by the prospective supervisor with the FDIC and with the Federal Reserve Board as holding company supervisor.
- The prospective supervisor may choose to conduct an eligibility examination and may invite the current supervisor to participate.