

## Corporate & Financial Weekly Digest

August 5, 2011 by [Jeffrey M. Werthan](#)

### **New Federal Reserve SR Letter Requires Notice Before Savings Associations May Declare Dividends**

Effective July 21, 2011, any savings association that is a subsidiary of a savings and loan holding company (SLHC) must provide notice to its applicable Federal Reserve Bank at least 30 days before declaring a dividend. The duty to review and process these notices is one of the new responsibilities the Board assumed on July 21 as part of the supervisory and rulemaking authority previously held by the Office of Thrift Supervision (OTS) with respect to SLHCs.

The 30-day prior notice is required by statute. The statute also provides that the 30-day period runs from the date the notice is submitted to the agency, and that a dividend declared during the review period or without filing the notice is null and void.

#### Procedural Operations

A prior notice with respect to a proposed dividend declaration must be filed with the appropriate Reserve Bank on the designated form. Notices should be submitted to the Applications Units at each applicable Reserve Bank. In evaluating a savings association's notice, the Reserve Bank should work closely with the savings association's supervisor(s). Therefore, upon receiving a notice, the Reserve Bank should immediately transmit a copy of the notice to the savings association's supervisor(s) at the district or field office level, accompanied by a transmittal letter requesting comment within 15 calendar days. In addition, Reserve Bank supervision staff with direct inspection responsibility for the SLHC should be consulted to solicit their view of the request. Savings associations should be provided with contact information and relevant procedural expectations pertaining to the notification process.

To read the Supervision and Regulation Letters, click [here](#).

To read the OTS Notice for Application for Capital Distribution, click [here](#).