

Federal savings association's members, the request shall be given at least thirty days before the annual meeting or 10 days before a special meeting;

(3) The request shall contain—

(i) The member's full name and address;

(ii) The nature and extent of the member's interest in the Federal savings association at the time the information is given;

(iii) A copy of the proposed communication; and

(iv) If the communication is in connection with a meeting of the members, the date of the meeting;

(4) The Federal savings association shall reply to the request within either—

(i) Fourteen days;

(ii) Ten days, if the communication is in connection with the annual meeting; or

(iii) Three days, if the communication is in connection with a special meeting;

(5) The reply shall provide either—

(i) The number of the Federal savings association's members and the estimated reasonable cost to the Federal savings association of mailing to them the proposed communication; or

(ii) Notification that the Federal savings association has determined not to mail the communication because it is "improper", as defined in paragraph (c) of this section;

(6) After receiving the amount of the estimated costs of mailing and sufficient copies of the communication, the Federal savings association shall mail the communication to all members, by a class of mail specified by the requesting member, either—

(i) Within fourteen days;

(ii) Within seven days, if the communication is in connection with the annual meeting;

(iii) As soon as practicable before the meeting, if the communication is in connection with a special meeting; or

(iv) On a later date specified by the member;

(7) If the Federal savings association refuses to mail the proposed communication, it shall return the requesting member's materials together with a written statement of the specific reasons for refusal, and shall simulta-

neously send to the Regional Director two copies each of the requesting member's materials, the Federal savings association's written statement, and any other relevant material. The materials shall be sent within:

(i) Fourteen days,

(ii) Ten days if the communication is in connection with the annual meeting, or

(iii) Three days, if the communication is in connection with a special meeting,

after the Federal savings association receives the request for communication.

(c) *Improper communication.* A communication is an "improper communication" if it contains material which:

(1) At the time and in the light of the circumstances under which it is made:

(i) Is false or misleading with respect to any material fact; or

(ii) Omits a material fact necessary to make the statements therein not false or misleading, or necessary to correct a statement in an earlier communication on the same subject which has become false or misleading;

(2) Relates to a personal claim or a personal grievance, or is solicitous of personal gain or business advantage by or on behalf of any party;

(3) Relates to any matter, including a general economic, political, racial, religious, social, or similar cause, that is not significantly related to the business of the Federal savings association or is not within the control of the Federal savings association; or

(4) Directly or indirectly and without expressed factual foundation:

(i) Impugns character, integrity, or personal reputation,

(ii) Makes charges concerning improper, illegal, or immoral conduct, or

(iii) Makes statements impugning the stability and soundness of the Federal savings association.

[54 FR 49492, Nov. 30, 1989, as amended at 60 FR 66717, Dec. 26, 1995. Redesignated at 61 FR 64018, Dec. 3, 1996.]

PART 545—OPERATIONS

Sec.

545.1 General authority.

545.2 Federal preemption.

545.3—545.9 [Reserved]

§ 545.1

12 CFR Ch. V (1–1–98 Edition)

545.16 Public deposits, depositaries, and fiscal agents.
545.17 Funds transfer services.
545.21–545.30 [Reserved]
545.54–545.70 [Reserved]
545.74 Securities brokerage.
545.83–545.90 [Reserved]
545.91 Home office.
545.92 Branch offices.
545.93–545.94 [Reserved]
545.95 Change of office location and redesignation of offices.
545.96 Agency.
545.97–545.100 [Reserved]
545.101 Fiscal agency.
545.103 Suretyship.
545.104–545.120 [Reserved]
545.121 Indemnification of directors, officers and employees.
545.123–545.125 [Reserved]
545.127–545.130 [Reserved]
545.132–545.135 [Reserved]
545.138 Data-processing services.
545.139–545.140 [Reserved]
545.141 Remote Service Units (RSUs).
545.142 Home banking services.

AUTHORITY: 12 U.S.C. 1462a, 1463, 1464, 1828.

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§ 545.1 General authority.

A Federal savings association may exercise all authority granted it by the Home Owners' Loan Act of 1933 ("Act"), 12 U.S.C. 1464, as amended, and its charter and bylaws, whether or not implemented specifically by Office regulations, subject to the limitations and interpretations contained in this part.

§ 545.2 Federal preemption.

The regulations in this part 545 are promulgated pursuant to the plenary and exclusive authority of the Office to regulate all aspects of the operations of Federal savings associations, as set forth in section 5(a) of the Act. This exercise of the Office's authority is preemptive of any state law purporting to address the subject of the operations of a Federal savings association.

§§ 545.3–545.9 [Reserved]

§ 545.16 Public deposits, depositaries, and fiscal agents.

(a) *Definitions.* As used in this section—

(1) *Moneys* includes *monies* and has the meaning it has in applicable state law;

(2) *State law* includes actions by a governmental body which has a charter adopted under the constitution of the state with provisions respecting deposits of public money of that body;

(3) *Surety* means surety under real and/or personal suretyship, and includes guarantor; and

(4) Terms in paragraph (b) of this section have the meanings they have under applicable state law.

(b) *Authority to act as surety for public deposits.* (1) A Federal savings association that is a deposit association may give bond or security for deposit in it of public moneys or investment in it by a governmental unit if required to do so by state law, either as an alternative condition or otherwise, regardless of the amount required. Any bond or security may be given and any substitution or increase thereof may be made under this section at any time.

(2) If state law requires as a condition of such deposit or investment that the Federal savings association or its bond or security, or any combination thereof, be surety for or with respect to other deposits or instruments, whether of that depositor or investor or of any other(s), and whether in the Federal savings association or in any other institution(s) having, when the investments or deposits were made, insurance by the Federal Deposit Insurance Corporation, the same shall become, or if the state law is self-executing shall be, such surety.

(c) *Depositaries and fiscal agents.* Subject to regulation of the United States Treasury Department, a Federal savings association may serve as a depositary for Federal taxes, as a Treasury tax and loan depositary, or as a depositary of public money and fiscal agent of the Government or any other instrumentality thereof when designated for that purpose by such instrumentality and approved by the Office, and may satisfy any requirement in connection therewith, including maintaining accounts described in §§ 561.33, 561.52, 561.53, and 561.54 of this chapter; pledging collateral; and performing the services outlined in 31 CFR 202.3(b) or any section that supersedes or amends § 202.3(b).

§ 545.17 Funds transfer services.

A Federal savings association is authorized to transfer, with or without fee, its customers' funds from any account (including a line of credit) of the customer at the Federal savings association or at another financial intermediary to third parties or other accounts of the customer on the customer's order or authorization by any mechanism or device, including cashier's checks, conforming with applicable laws and established commercial practices.

§§ 545.21—545.30 [Reserved]**§§ 545.54—545.70 [Reserved]****§ 545.74 Securities brokerage.**

(a) A service corporation may execute securities transactions on an agency or riskless principal basis solely upon the order of and for the account of customers, and may provide standardized and individualized investment advice to individuals or entities, provided that the service corporation:

(1) Conducts securities brokerage and investment advisory activities in an area that is clearly identified and distinguished from the areas where the association's depository functions are performed;

(2) Distinguishes advertising by the service corporation from that of the association, such that advertising does not confuse securities transactions executed, securities purchased, or investment advice provided by the service corporation with federally-insured deposits; that the advertising indicates that the service corporation and broker-dealer, and not the association, is providing the securities brokerage or investment advisory services, identifies the broker-dealer in advertising, and does not use the logo of the parent association in the text of any advertisement prepared or distributed by the service corporation or the broker-dealer or in the text of any advertisement for specific securities products;

(3) Where the service corporation contracts with a third-party broker-dealer, has a written contract with the broker-dealer that provides that the broker-dealer agrees to indemnify fully the service corporation and the asso-

ciation for any liability arising from the negligence, recklessness, or intentional conduct of the broker-dealer or its employees, and that sets forth operating, marketing, compensation, and other relevant terms;

(4) Provides to the OTS an initial opinion of counsel or an opinion from the senior securities principal responsible for overseeing the subject brokerage program that the program has been established pursuant to operational procedures that are intended to ensure that the program is conducted in conformity with applicable securities laws and regulations and that such procedures include internal controls and supervisory systems that have been established and are to be applied to detect and prevent violations of federal securities statutes, the rules adopted thereunder, and the rules of self-regulatory organizations applicable to broker-dealers, including but not limited to those provisions designed to prevent churning, unsuitable recommendations, charging excessive prices, and the making of fraudulent representations in connection with the offer, sale, or purchase of securities ("the regulations"); and on an annual basis thereunder provides a certification by the senior securities principal responsible for supervising and overseeing the subject brokerage program that he or she has discharged the obligations incumbent upon him or her by reason of such procedures and systems previously described and has no reasonable belief or cause to believe that such procedures and systems have not been and are not being complied with or that a violation of the regulations has occurred;

(5) Does not condition the provision of securities services to a customer on the customer's utilizing services of any affiliate of the association, the service corporation, or a broker-dealer.

(b) Service corporation activities authorized under this paragraph (b) may not include the following activities:

(1) Execution of securities transactions on a principal basis, including market-making and underwriting, except on a riskless principal basis, and except as permitted under §559.4 of this chapter;

(2) Payment to any employee of the association of a referral fee, bonus, or any incentive compensation, in cash or in kind, for referring any customer to the service corporation except as may be consistent with a “no-action” letter received by the association from the U.S. Securities and Exchange Commission (“SEC”), stating that the SEC will not recommend enforcement action if association employees receive the planned referral fee but do not register with a broker-dealer and the association does not register as a broker-dealer;

(3) Solicitation of a person to execute a transaction in a specific security by any registered representative;

(4) Indemnification by the service corporation to a degree greater than the indemnification provided to it by the third-party broker-dealer; and the association is prohibited from indemnifying a third party broker-dealer;

(5) Extension of margin credit by the association to customers of the service corporation or broker-dealer;

(6) Non-registered representatives who are dual or sole employees of the association performing tasks other than clerical for ministerial tasks; prohibited activities include accepting or delivering money or securities and taking orders to execute securities transactions.

(c) Any association that intends to acquire or establish a service corporation to engage in preapproved securities brokerage activities shall furnish to the OTS at least 30 days prior to the commencement of operations, written notice containing a full description of the brokerage services to be provided and a certification from the board of directors of such association that such services will be in compliance with all of the requirements of this section. In addition, the association shall retain complete records of all executed contractual agreements and memoranda between the service corporation and broker-dealers, investment advisors, the parent savings association, and their affiliates, pro forma income statements for a three year period, any required professional opinions, and a reasoned legal opinion from counsel that the securities brokerage services qualify as preapproved under this section.

(d) The Regional Director may request additional information at any time regarding the operations of the service corporation if there are supervisory concerns about the activity, has evidence that the activity may not be in the best interest of the association or service corporation, or has questions as to whether the activities are being conducted in a manner that is preapproved.

[54 FR 49492, Nov. 30, 1989, as amended at 55 FR 13511, Apr. 11, 1990; 57 FR 14340, Apr. 20, 1992; 57 FR 33437, July 29, 1992; 57 FR 48949, Oct. 29, 1992; 57 FR 62474, Dec. 31, 1992; 59 FR 53570, Oct. 25, 1994; 60 FR 66717, Dec. 26, 1995; 61 FR 66570, Dec. 18, 1996]

§§ 545.83—545.90 [Reserved]

§ 545.91 Home office.

All operations of a Federal savings association shall be subject to direction from the home office.

§ 545.92 Branch offices.

(a) *General.* A branch office of a Federal savings association is any office other than its home office, agency office, data processing or administrative office, or a remote service unit. Except as limited by this section, any business of a Federal savings association may be transacted at a branch office.

(b) *Eligibility.* Federal savings associations eligible for expedited treatment pursuant to section 516.3(a) of this chapter may establish a branch office without prior approval subject to the procedures in paragraph (f) of this section. A Federal savings association subject to standard treatment as defined in § 516.3(b) of this chapter shall not establish a branch office without prior approval subject to the procedures in paragraph (e) of this section.

(c) *Application form; filing; completion; supervisory objection.* Applicants shall obtain application and notice forms and related instructions from the OTS.

(d) *Processing of applications/notices.* Processing of applications and notices shall be subject to the following procedures:

(1) *Publication.* (i) A federal savings association must publish a public notice of the branch application or notice in accordance with the procedures specified in subpart B of part 516 of this chapter.

(ii) Promptly after publication of the public notice, the savings association shall transmit copies of the public notice and publisher's affidavit of publication to the OTS.

(iii) The application or notice and all related communications may be inspected by any person at the Regional Office during regular business hours, unless such information is exempt from public disclosure.

(2) *Submission of application or notice.* A Federal savings association must comply with § 556.5 of this chapter and shall file the application required under § 516.3(b)(2) of this chapter or the notice required under § 516.3(a) of this chapter within three days after the publication of the public notice under paragraph (d)(1) of this section.

(3) *Submission of comments.* Commenters may submit comments on the application or notice in accordance with the procedures specified in subpart C of part 516 of this chapter.

(4) *Meetings.* The OTS may arrange informal or formal meetings in accordance with the procedures specified in subpart D of part 516 of this chapter.

(e) *Approval of branch application.* (1) The OTS shall approve an application only if the overall policies, condition, and operation of the applicant afford no basis for supervisory objection and the proposed branch will open within twelve months of approval unless otherwise allowed by the OTS. In considering whether to approve an application, the OTS will assess and take into account an association's record of helping to meet the credit needs of its entire community, including low- and moderate-income neighborhoods, pursuant to part 563e of this chapter; assessment of an association's record of performance may be the basis for denying an application.

(2) An application shall be deemed to be approved 30 days after notification that the application is complete, unless the OTS suspends the applicable processing time frames under § 516.190 of this chapter, or the OTS objects to the application on the grounds set forth under paragraph (e)(1) of this section.

(f) *Approval of branch notice.* A notice filed by a Federal savings association that qualifies for expedited treatment

shall be deemed to be approved 30 days after its filing with the OTS, unless the OTS suspends the applicable processing time frames under § 516.190 of this chapter; the OTS objects to the application on the grounds set forth in paragraph (e)(1) of this section; or the OTS determines to process the filing as an application under § 516.3(a)(3) of this chapter. If the OTS suspends the applicable processing time frames, the savings association may not open a branch until the OTS provides a notification of its approval.

(g) *Offices not requiring prior written approval.* A Federal savings association may establish without prior approval a drive-in and/or pedestrian office opened in conjunction with an approved branch or home office of the association, located within 500 feet of a public entrance of that office and closer to that entrance than to a public entrance of any other SAIF-insured association, and the functions of which are limited to the ordinary functions performed at a teller-window.

(h) *Maintenance of branch office after conversion, consolidation, purchase of bulk assets, merger or purchase from receiver.* (1) An existing association which converts to a Federal savings association may maintain an existing office, and a Federal savings association that acquires offices through consolidation, purchase of bulk assets, merger or purchase from the receiver of an association may maintain any acquired office, except to the extent the approval by the OTS of the conversion, consolidation, merger, or purchase specifies otherwise.

(2) A Federal savings association may not file a branch application after having filed an application to merge or otherwise surrender its Federal charter, unless the merger or conversion application has been pending for at least six months.

[54 FR 49492, Nov. 30, 1989, as amended at 55 FR 13512, Apr. 11, 1990; 57 FR 14341, Apr. 20, 1992; 57 FR 37084, Aug. 18, 1992; 62 FR 64145, Dec. 4, 1997]

§§ 545.93—545.94 [Reserved]**§ 545.95 Change of office location and redesignation of offices.**

(a) *Eligibility.* A Federal savings association may change the permanent location of its home office or any approved branch office, or redesignate a home or branch office subject to the appropriate expedited or standard treatment procedures for establishing a branch office set forth in § 545.92 of this part.

(b) *Processing of application.* (1) Processing of an application for a change of office location or redesignation of a home or branch office shall follow the procedures set forth in § 545.92 of this part, except that:

(i) The applicant shall publish the required newspaper notice of application in the applicant's home office community, the community to be served by the new office, and the community where the office is to be closed or the home office is to be redesignated as a branch; and

(ii) The applicant shall post notice of the application for 25 days from the date of first publication in a prominent location in the office to be closed or redesignated.

(2) The OTS may approve an amendment to an association's charter in connection with approval of a home office relocation or redesignation under this section.

(c) *Short-distance relocations.* (1) Notwithstanding paragraph (a) of this section, an association may change the permanent location of a home or branch office, without applying for approval by the OTS, to a site within the market area and short-distance relocation area of the office site that has been approved in accordance with § 545.92 of this part or paragraph (a) of this section. The short-distance relocation area of an office site is:

(i) The area within a 1,000-foot radius of the site if it is located within a central city of a Metropolitan Statistical Area ("MSA") designated by the U.S. Department of Commerce;

(ii) The area within a one-mile radius of the site if it is located within an MSA designated by the U.S. Department of Commerce but not within a central city; or

(iii) The area within a two-mile radius of the site if it is not located within a MSA.

(2) An association shall notify the OTS in writing at least 30 days before such an office relocation and may proceed with the relocation unless, within 30 days of receipt of the notice, the OTS notifies the association that the relocation does not satisfy the criteria set forth in the first sentence of paragraph (c)(1) of this section, in which case the association must file an application and obtain approval by the OTS in accordance with paragraph (b) of this section.

[57 FR 14341, Apr. 20, 1992, as amended at 62 FR 64146, Dec. 4, 1997]

§ 545.96 Agency.

(a) *General.* A Federal savings association may, without approval of the Office, to the extent authorized by its board of directors, establish or maintain agencies that only service and originate (but do not approve) loans and contracts or manage or sell real estate owned by the Federal savings association.

(b) *Additional services.* Except for payment on savings accounts, offering of any services not listed in paragraph (a) of this section may be approved by the OTS.

(c) *Records.* An agency shall maintain records of all business it transacts and transmit copies to a branch or home office of the Federal savings association.

[54 FR 49492, Nov. 30, 1989, as amended at 54 FR 50614, Dec. 8, 1989; 55 FR 13512, Apr. 11, 1990; 57 FR 14342, Apr. 20, 1992]

§§ 545.97—545.100 [Reserved]**§ 545.101 Fiscal agency.**

A Federal savings association designated fiscal agent by the Secretary of the Treasury or with Office approval by another instrumentality of the United States, shall, as such, perform such reasonable duties and exercise only such powers and privileges as the Secretary of the Treasury or such instrumentality may prescribe.

§ 545.103 Suretyship.

Pursuant to the authority given to the Office under section 5(b)(2) of the Act, a Federal savings association is

authorized to enter into an agreement to act as surety subject to the following provisions:

(a) A savings association may enter into a suretyship agreement only if performance under the agreement would create an obligation authorized for investment by a savings association. A savings association's obligation under the suretyship agreement will be treated as a loan to its principal for purposes of the requirements of §§ 563.93 and 563.43 of this chapter.

(b) A savings association must take and maintain a security interest in real estate or marketable securities of its principal having a market value of at least 110 percent of the savings association's suretyship obligation. If real estate, the value must be established by a signed appraisal consistent with the requirements of part 564 of this chapter. In determining compliance with the 110 percent requirement, the savings association must consider the value of prior mortgages, liens or other encumbrances on the property, except those held by the party for whose protection the suretyship agreement is made. If marketable securities, such securities must be of a type in which the savings association is authorized to invest, and the savings association must provide for maintenance of the security at the required level during the term of the suretyship agreement.

(c) To the extent a savings association is required to meet its obligation under a suretyship agreement, the amount expended shall be treated as an extension of credit subject to percentage-of-assets limits in accordance with the obligation thereby created to the savings association.

[54 FR 49492, Nov. 30, 1989, as amended at 59 FR 29502, June 7, 1994]

§§ 545.104—545.120 [Reserved]

§ 545.121 Indemnification of directors, officers and employees.

A Federal savings association shall indemnify its directors, officers, and employees in accordance with the following requirements:

(a) *Definitions and rules of construction.* (1) Definitions for purposes of this section.

(i) *Action.* The term "action" means any judicial or administrative proceeding, or threatened proceeding, whether civil, criminal, or otherwise, including any appeal or other proceeding for review;

(ii) *Court.* The term "court" includes, without limitation, any court to which or in which any appeal or any proceeding for review is brought.

(iii) *Final judgment.* The term "final judgment" means a judgment, decree, or order which is not appealable or as to which the period for appeal has expired with no appeal taken.

(iv) *Settlement.* The term "settlement" includes entry of a judgment by consent or confession or a plea of guilty or *nolo contendere*.

(2) References in this section to any individual or other person, including any association, shall include legal representatives, successors, and assigns thereof.

(b) *General.* Subject to paragraphs (c) and (g) of this section, a savings association shall indemnify any person against whom an action is brought or threatened because that person is or was a director, officer, or employee of the association, for:

(1) Any amount for which that person becomes liable under a judgment if such action; and

(2) Reasonable costs and expenses, including reasonable attorney's fees, actually paid or incurred by that person in defending or settling such action, or in enforcing his or her rights under this section if he or she attains a favorable judgment in such enforcement action.

(c) *Requirements.* Indemnification shall be made to such period under paragraph (b) of this section only if:

(1) Final judgment on the merits is in his or her favor; or

(2) In case of:

(i) Settlement,

(ii) Final judgment against him or her, or

(iii) Final judgment in his or her favor, other than on the merits, if a majority of the disinterested directors of the savings association determine that he or she was acting in good faith within the scope of his or her employment or authority as he or she could reasonably have perceived it under the

circumstances and for a purpose he or she could reasonably have believed under the circumstances was in the best interests of the savings association or its members.

However, no indemnification shall be made unless the association gives the Office at least 60 days' notice of its intention to make such indemnification. Such notice shall state the facts on which the action arose, the terms of any settlement, and any disposition of the action by a court. Such notice, a copy thereof, and a certified copy of the resolution containing the required determination by the board of directors shall be sent to the Regional Director, who shall promptly acknowledge receipt thereof. The notice period shall run from the date of such receipt. No such indemnification shall be made if the OTS advises the association in writing, within such notice period, of his or her objection thereto.

(d) *Insurance.* A savings association may obtain insurance to protect it and its directors, officers, and employees from potential losses arising from claims against any of them for alleged wrongful acts, or wrongful acts, committed in their capacity as directors, officers, or employees. However, no savings association may obtain insurance which provides for payment of losses of any person incurred as a consequence of his or her willful or criminal misconduct.

(e) *Payment of expenses.* If a majority of the directors of a savings association concludes that, in connection with an action, any person ultimately may become entitled to indemnification under this section, the directors may authorize payment of reasonable costs and expenses, including reasonable attorneys' fees, arising from the defense or settlement of such action. Nothing in this paragraph (e) shall prevent the directors of a savings association from imposing such conditions on a payment of expenses as they deem warranted and in the interests of the savings association. Before making advance payment of expenses under this paragraph (e), the savings association shall obtain an agreement that the savings association will be repaid if the person on whose behalf payment is made is later deter-

mined not to be entitled to such indemnification.

(f) *Exclusiveness of provisions.* No savings association shall indemnify any person referred to in paragraph (b) of this section or obtain insurance referred to in paragraph (d) of the section other than in accordance with this section. However, an association which has a bylaw in effect relating to indemnification of its personnel shall be governed solely by that bylaw, except that its authority to obtain insurance shall be governed by paragraph (d) of this section.

(g) The indemnification provided for in paragraph (b) of this section is subject to and qualified by 12 U.S.C. 1821(k).

[54 FR 49492, Nov. 30, 1989, as amended at 56 FR 59866, Nov. 26, 1991; 60 FR 66717, Dec. 26, 1995]

§§ 545.123–545.125 [Reserved]

§§ 545.127–545.130 [Reserved]

§ 545.132–545.135 [Reserved]

§ 545.138 Data-processing services.

(a) *Authorization.* A Federal savings association may engage in any permissible activity or service by using data processing equipment or technology, and may provide data processing and data transmission services to others on a for-profit basis as permitted by this section. An association may establish and maintain an office to provide such services to others without observing the application and approval procedures for branch offices set forth in this part.

(b)(1) *Permissible data.* The data to be processed or transmitted by a Federal savings association pursuant to paragraph (a) of this section must be financial, economic, or related to thrift, home financing, or the activities of depository institutions.

(2) *Customer restrictions.* A Federal savings association must provide data processing and transmission services primarily for itself, other depository institutions (including the parent or a subsidiary of either), and persons with whom the Federal savings association has established a loan or deposit relationship. A Federal savings association may also provide such services to other

persons if the services constitute less than one half of the data processing services provided under paragraphs (a) and (b) of this section.

(3) *Facilities.* In conjunction with providing services pursuant to paragraphs (a) and (b) of this section, a Federal savings association may supply data processing software, documentation, and operating personnel. Any such facilities, as well as those used by the Federal savings association, must be designed and operated for the processing or transmission of permissible data.

(c) *By-products and excess capacity.* As an incident to providing data processing and data transmission services pursuant to paragraph (b) of this section, a Federal savings association may:

(1) Market by-products of such services (including software and compilations of data) to any person, only if the by-products are not designed, created, or substantially enhanced primarily for the purpose of such marketability, and

(2) Market excess capacity of its data processing facilities, provided that the involvement of the Federal savings association is limited to furnishing access to its facilities and providing the necessary operating personnel, and that the Federal savings association has not artificially created excess capacity by acquiring equipment or facilities whose capacity is substantially greater than that necessary to accommodate its present or expected future needs for providing permissible data processing services.

(d) *Controls.* A Federal savings association providing data processing services or marketing excess capacity to any person under this section shall establish internal and system controls for both hardware and software such that the integrity of its records and those of its depositors and customers are adequately protected. At a minimum, the controls shall be consistent with Generally Accepted Auditing Standards. Any agreement pursuant to which the Federal savings association provides data processing services shall contain a provision that generally describes the security measures so taken.

(e) *Contract and tying restrictions.* Any contract for data processing services authorized by this section shall incor-

porate the relevant limitations specified herein and state that the Federal savings association's facilities are to be used only for the processing and transmission of permissible data. A Federal savings association providing such services under this section shall comply with the anti-tying provisions of section 5(q) of the Act.

(f) *Participation.* A Federal savings association may participate with others in establishing or maintaining a data processing office: *Provided,* That the Federal savings association may participate in establishing or maintaining a data processing office controlled by an entity not subject to examination by a Federal agency regulating financial institutions only if such entity has agreed in writing with the Office that it will permit and pay for such examination of the office as the Office deems necessary, and that it will make available for such purposes any records in its possession relating to the operation of the Office.

§ 545.139—545.140 [Reserved]

§ 545.141 Remote Service Units (RSUs).

(a) *Definitions.* As used in this section—

(1) *Generic data* means statistical information which does not identify any individual accountholder.

(2) *Personal security identifier* (PSI) means any word, number, or other security identifier essential for an accountholder to gain access to an account.

(3) *Remote service unit* (RSU) means an information processing device, including associated equipment, structures and systems, by which information relating to financial services rendered to the public is stored and transmitted, instantaneously or otherwise, to a financial institution. Any such device not on the premises of a Federal savings association that, for activation and account access, requires use of a machine-readable instrument and PSI in the possession and control of an accountholder, is an RSU. The term includes, without limitation, point-of-sale terminals, merchant-operated terminals, cash-dispensing machines, and automated teller machines. It excludes automated teller machines on the

premises of a Federal savings association, unless shared with other financial institutions. An RSU is not a branch, satellite, or other type of facility or agency of a Federal savings association under § 545.92 *et seq.* of this part.

(4) *RSU account* means a savings or loan account or demand account that may be accessed through use of an RSU.

(b) *General.* Subject to the requirements of the Electronic Funds Transfer Act (15 U.S.C. 1693 *et seq.*) and Regulation E of the Federal Reserve Board (12 CFR 205.2), a Federal savings association may establish or use RSUs and participate with others in RSU operations, on an unrestricted geographic basis. No RSU may be used to open a savings account, a demand account or establish a loan account.

(c) *RSU access techniques.* A Federal savings association shall provide a PSI to each accountholder and require its use when accessing an RSU; it may not employ RSU access techniques that require the accountholder to disclose a PSI to another person. The savings association must inform each accountholder that the PSI is for security purposes and shall not be disclosed to third parties. Any device used to activate an RSU shall bear the words “Not transferable” or their equivalent. A passbook may not be such a device.

(d) [Reserved]

(e) *Security.* A Federal savings association shall protect electronic data against fraudulent alterations or disclosure. All RSUs shall meet the minimum security devices requirements of part 568 of this chapter.

(f) *Office supervision.* A Federal savings association may share an RSU controlled by a financial institution or another party not subject to examination by a Federal regulatory agency only if such financial institution or other party has agreed in writing that the RSU is subject to such examination by the Office as it deems necessary.

[54 FR 49492, Nov. 30, 1989, as amended at 59 FR 53571, Oct. 25, 1994]

§ 545.142 Home banking services.

A Federal savings association may utilize any electronic technology to provide its customers with home banking services. Any such services pro-

vided under this section are subject to the Electronic Funds Transfer Act (15 U.S.C. 1693 *et seq.*) and Regulation E of the Federal Reserve Board (12 CFR 205.2) (as construed by Supplement II—Official Staff Interpretation, 2–23). “Home banking services” means the transfer of funds or financial information, or the performance of other transactions initiated by a customer by means of an electronic home terminal, such as a telephone, a home computer terminal, or a television set that is linked to a Federal savings association’s computer by telephone or cable television lines. A Federal savings association providing services authorized by this section shall adopt security measures adequate to prevent unauthorized access to its records or those of its customers or the use of a home terminal to defraud the Federal savings association or any of its customers.

PART 546—MERGER, DISSOLUTION, REORGANIZATION, AND CONVERSION

Sec.

546.1 Definitions.

546.2 Procedure; effective date.

546.3 Transfer of assets upon merger or consolidation.

546.4 Voluntary dissolution.

AUTHORITY: 12 U.S.C. 1462, 1462a, 1463, 1464, 1467a, 2901 *et seq.*

SOURCE: 54 FR 49517, Nov. 30, 1989, unless otherwise noted.

§ 546.1 Definitions.

The terms used in §§ 546.2 and 546.3 shall have the same meaning as set forth in §§ 552.13(b) and 563.22(g) of this chapter.

[59 FR 44622, Aug. 30, 1994]

§ 546.2 Procedure; effective date.

(a) A Federal mutual savings association may combine with any depository institution, provided that:

(1) The combination is in compliance with, and receives all approvals required under, any applicable statutes and regulations;

(2) Any resulting Federal savings association meets the requirements for