

FEDERAL RESERVE BANK OF DALLAS  
DALLAS, TEXAS 75222

Circular No. 68-80  
March 27, 1968

**REVISION OF REGULATION Y**

**To All Banks and Others Concerned  
in the Eleventh Federal Reserve District:**

Effective March 15, 1968, the Board of Governors of the Federal Reserve System has adopted a revision of Regulation Y, "Bank Holding Companies." The revision is designed primarily to incorporate into the Regulation the substantive changes made in the law by the 1966 amendments to the Bank Holding Company Act.

Enclosed is a copy of the revised Regulation. Member banks are requested to remove the copy of the Regulation as amended effective July 1, 1960, from their ring binders and substitute the enclosed copy therefor. Additional copies will be furnished upon request.

Yours very truly,

P. E. Coldwell  
President

Enclosure (1)

**BOARD OF GOVERNORS**  
of the  
**FEDERAL RESERVE SYSTEM**

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**BANK HOLDING COMPANIES**



**REGULATION Y**

(12 CFR 222)

As amended, effective March 15, 1968



## **INQUIRIES REGARDING THIS REGULATION**

**Any inquiry relating to this regulation should be addressed to the Federal Reserve Bank of the Federal Reserve district in which the inquiry arises. Forms for the preparation of registration statements, applications, requests, and reports may be obtained from any Federal Reserve Bank.**

## **STATUTORY AUTHORITY**

**This regulation is issued pursuant to the Bank Holding Company Act of 1956 (referred to herein as “the Act”), the provisions of which are set forth in the Appendix hereto.**

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## REGULATION Y

(12 CFR 222)

As amended effective March 15, 1968

### BANK HOLDING COMPANIES\*

#### SECTION 222.1—DEFINITIONS

(a) **Terms used in the Act.**—As used in this Part, the terms “bank holding company”, “company”, “bank”, “subsidiary”, and “Board” have the same meanings as those given such terms in the Act.

(b) **Federal Reserve Bank.**—The term “Federal Reserve Bank” as used in this Part with respect to action by, on behalf of, or directed to be taken by a bank holding company or other organization shall mean either the Federal Reserve Bank of the Federal Reserve district in which the operations of the bank holding company or other organization are principally conducted, as measured by total deposits held or controlled by it on the date on which it became, or is to become, a bank holding company, or such Reserve Bank as the Board may designate.

#### SECTION 222.2—REGISTRATION

(a) **Registration statement.**—Within 180 days after becoming a bank holding company, such company shall register with the Board by filing a registration statement with the Federal Reserve Bank on forms prescribed by the Board. Upon timely application on behalf of any bank holding company and upon a satisfactory showing as to the need therefor, the time prescribed herein for the filing of a registration statement may be extended by the Board.

(b) **Date of registration.**—The date of registration of a bank holding company shall be the date on which its registration statement is filed with the Federal Reserve Bank.

#### SECTION 222.3—ACQUISITION OF BANK SHARES OR ASSETS

(a) **Submission of applications.**—An application for approval by the Board of any transaction requiring approval under section 3(a) of the Act shall be filed with the Federal Reserve Bank. A separate application shall be filed with respect to each bank the voting shares or assets of which are sought to be acquired by an existing bank holding company or nonbanking subsidiary thereof.

(b) **Procedure on applications.**—(1) Applications under this section are processed in accordance with the procedures described in this Part and those described in § 262.3 of the Board’s Rules of Procedure (Part 262 of this Chapter).

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\* The text corresponds to the Code of Federal Regulations, Title 12, Chapter II, Part 222; cited as 12 CFR 222. The Act and this regulation are in addition to, and do not take the place of, provisions of other laws or regulations.

(2) If either the applicant, or a bank the voting shares or assets of which are sought to be acquired, is a national bank or a District bank, the Board will transmit a copy of the application to the Comptroller of the Currency, requesting written submission of the Comptroller's views and recommendation. If either the applicant, or a bank the voting shares or assets of which are sought to be acquired, is a State bank, the Board will transmit a copy of the application to the bank supervisory authority of the State in which such bank is located, requesting written submission of the State authority's views and recommendation. A copy of each application will also be forwarded to the U. S. Department of Justice.

(3) Following the receipt of an application under this section, the Board will publish a notice of such receipt in the Federal Register, containing the names and addresses of the applicant and the bank or banks involved, indicating the general nature of the proposed transaction, and allowing 30 days (or a shorter period in exceptional circumstances) for the submission of written comments or views. Such comments or views shall be submitted to the Board.

(4) As indicated in § 262.3(f)(1) of the Board's Rules of Procedure, the Board issues each week a list identifying applications filed pursuant to section 3 of the Act. Pursuant to § 262.3(f)(7) of the Board's Rules of Procedure, each application is made available for inspection by the public except for portions thereof as to which the Board determines that non-disclosure is warranted.

**(c) Hearings on applications.**—(1) In any case in which the Board receives written advice of disapproval of the application from the Comptroller of the Currency or the appropriate State supervisory authority, as the case may be, within 30 days from the date of receipt of the application by the notified authority, the Board will so notify the applicant in writing, directing the applicant's attention to the provisions of section 3(b) of the Act. Within three days after the date of the sending of such notice to the applicant, the Board will notify in writing the applicant and the Comptroller of the Currency or the appropriate State supervisory authority, as the case may be, of the date fixed by the Board for the commencement of a hearing on the application and of the place and time at which such hearing will be held. Any such hearing will be commenced not less than ten days nor more than thirty days after the date on which the Board sent the applicant notice of receipt of written advice from the disapproving supervisory authority.

(2) Apart from any hearing ordered by the Board under this section or under § 222.4 or § 222.5 of this Part, the Board may, as provided in § 262.3(f) of the Board's Rules of Procedure, afford the applicant or other person whom the Board determines to have a proper interest an

opportunity to present views orally before the Board or its designated representative.

**(d) Action on applications.**—(1) In any case in which a hearing is held in accordance with paragraph (c) of this section, the Board, after the conclusion of such hearing, will by order grant or deny the application on the basis of the record made at such hearing. In all other cases, the Board will by order grant or deny the application after receipt by it of advice that the Comptroller of the Currency or the appropriate State supervisory authority, as the case may be, does not disapprove the application, or, if no such advice is received, after the expiration of thirty days from the date of receipt of the copy of the application by the Comptroller of the Currency or such State authority.

(2) As required by the Act, the Board notifies the Attorney General of the United States of Board action on any transaction proposed under this section.

(3) Action by the Board on an application pursuant to this section will be taken in the manner described in subparagraphs (4) and (5) of § 262.3(f) of the Board's Rules of Procedure, and any request for reconsideration of its action on any such application will be treated as provided in subparagraph (6) of § 262.3(f).

#### SECTION 222.4—INTERESTS IN NONBANKING ORGANIZATIONS

**(a) Shares of financial, fiduciary, or insurance companies.**—Any bank holding company that is of the opinion that a company's activities, all of which are or are to be of a financial, fiduciary, or insurance nature, are so closely related to the business of banking or of managing or controlling banks (as conducted by such bank holding company or its banking subsidiaries) as to be a proper incident thereto and as to make it unnecessary for the prohibitions of section 4 of the Act to apply in order to carry out the purposes of the Act, may request the Board for such a determination pursuant to section 4(c)(8) of the Act. Any such request shall be filed with the Federal Reserve Bank. The Board will advise the bank holding company whether a hearing is to be held and of the place and time for any such hearing. The Board will by order make or decline to make the requested determination.

**(b) Tax certifications.**—Any bank holding company desiring a certification by the Board for purposes of the provisions of sections 1101 - 1103 of the Internal Revenue Code of 1954 as amended (26 U.S.C. 1101-3) may file an application for such certification with the Federal Reserve Bank. On the basis of an application under this paragraph, the Board will either issue a certification or by order deny the application. A duplicate original of each certification will be transmitted by the Board to the Internal Revenue Service of the Treasury Department.

(c) **Determination regarding control by transferor.**—(1) In any case in which the Board, pursuant to section 2(g)(3) of the Act, affords opportunity for a hearing for the purpose of determining that a transferor is not in fact capable of controlling a transferee, the Board will give notice of opportunity for such hearing by publication in the Federal Register. Any request for a hearing shall be filed, in duplicate, with the Board. The Board will notify the applicant, the transferor, and the transferee of the time and place for any hearing ordered. Upon the conclusion of such hearing, and on the basis of the record made at the hearing, the Board will by order make or decline to make the subject determination.

(2) If no hearing is requested by any party in interest within the time prescribed in the notice of opportunity for hearing, or if a hearing so requested is denied, the Board may dispense with a hearing, and, on the basis of the documentary evidence before it, will proceed to take action with respect to the determination contemplated by section 2(g)(3).

#### SECTION 222.5—HEARINGS AND PROCEEDINGS

(a) **Hearings.**—Apart from hearings required by the Act (see § 222.3(c) and § 222.4(a) and (c)), a hearing may be ordered by the Board with respect to any application or request under this Part, either upon its own motion or upon the request of any party in interest, if the Board deems such hearing to be in the interests of the parties or the public. Notice of any hearing required by the Act will be published in the Federal Register a reasonable time in advance of the date fixed for the hearing; and any hearing so required will ordinarily be held before a hearing examiner appointed in accordance with the provisions of Title 5 of the United States Code. All hearings under this Part will be conducted in accordance with the Board's Rules of Practice for Formal Hearings (Part 263 of this Chapter).

(b) **Record of proceedings.**—The record in any proceeding under this Part upon which an order of the Board is based shall include, but is not necessarily limited to, the application or request filed with the Board in connection with such proceeding; any views or recommendations received by the Board from the Comptroller of the Currency or the appropriate State supervisory authority pursuant to section 3(b) of the Act; the transcript of any hearing held with respect to such application or request and any report and recommendation made by the hearing examiner or hearing officer before whom such hearing was held; and any order of the Board granting or denying the application or request, and any statement in support thereof.

#### SECTION 222.6—REPORTS AND EXAMINATIONS

Each bank holding company shall furnish to the Board in a form



prescribed by the Board a report of the company's operations for the fiscal year in which it becomes a bank holding company, and for each fiscal year thereafter until it ceases to be a bank holding company. Each such annual report shall be filed with the Federal Reserve Bank. Each bank holding company shall furnish to the Board additional information at such times as the Board may require. The Board may examine any bank holding company or any of its subsidiaries and the cost of any such examination shall be assessed against and paid by such bank holding company. As far as possible the Board will use reports of examinations made by the Comptroller of the Currency, the Federal Deposit Insurance Corporation, or the appropriate State bank supervisory authority.

#### SECTION 222.7—COPIES

In connection with the filing of any document pursuant to this regulation, the appropriate Federal Reserve Bank should be consulted as to the number of copies required to be submitted.

## BANK HOLDING COMPANY ACT OF 1956\*

Act of May 9, 1956 (70 Stat. 133)

To define bank holding companies, control their future expansion, and require divestment of their nonbanking interests.

*Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That this Act may be cited as the "Bank Holding Company Act of 1956".*

## DEFINITIONS

**Bank holding company**

SEC. 2. (a) "Bank holding company" means any company (1) that directly or indirectly owns, controls, or holds with power to vote 25 per centum or more of the voting shares of each of two or more banks or of a company that is or becomes a bank holding company by virtue of this Act, or (2) that controls in any manner the election of a majority of the directors of each of two or more banks; and, for the purposes of this Act, any successor to any such company shall be deemed to be a bank holding company from the date as of which such predecessor company became a bank holding company. Notwithstanding the foregoing, (A) no bank and no company owning or controlling voting shares of a bank shall be a bank holding company by virtue of such bank's ownership or control of shares in a fiduciary capacity, except as provided in paragraphs (2) and (3) of subsection (g) of this section, (B) no company shall be a bank holding company by virtue of its ownership or control of shares acquired by it in connection with its underwriting of securities if such shares are held only for such period of time as will permit the sale thereof on a reasonable basis, and (C) no company formed for the sole purpose of participating in a proxy solicitation shall be a bank holding company by virtue of its control of voting rights of shares acquired in the course of such solicitation.

**Company**

(b) "Company" means any corporation, business trust, association, or similar organization, or any other trust unless by its terms it must terminate within twenty-five years or not later than twenty-one years and ten months after the death of individuals living on the effective date of the trust, but shall not include (1) any corporation the majority of the shares of which are owned by the United States or by any State, or (2) any partnership.

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\* The bold face catch lines have been added editorially and should not be regarded as part of the law.

**Bank**

(c) "Bank" means any institution that accepts deposits that the depositor has a legal right to withdraw on demand, but shall not include any organization operating under section 25 or section 25(a) of the Federal Reserve Act, or any organization that does not do business within the United States. "District bank" means any bank organized or operating under the Code of Law for the District of Columbia.

**Subsidiary**

(d) "Subsidiary", with respect to a specified bank holding company, means (1) any company 25 per centum or more of whose voting shares (excluding shares owned by the United States or by any company wholly owned by the United States) is directly or indirectly owned or controlled by such bank holding company, or is held by it with power to vote; or (2) any company the election of a majority of whose directors is controlled in any manner by such bank holding company.

**Successor**

(e) The term "successor" shall include any company which acquires directly or indirectly from a bank holding company shares of any bank, when and if the relationship between such company and the bank holding company is such that the transaction effects no substantial change in the control of the bank or beneficial ownership of such shares of such bank. The Board may, by regulation, further define the term "successor" to the extent necessary to prevent evasion of the purposes of this Act.

**Board**

(f) "Board" means the Board of Governors of the Federal Reserve System.

**Indirect ownership and control**

(g) For the purposes of this Act—

(1) shares owned or controlled by any subsidiary of a bank holding company shall be deemed to be indirectly owned or controlled by such bank holding company;

(2) shares held or controlled directly or indirectly by trustees for the benefit of (A) a company, (B) the shareholders or members of a company, or (C) the employees (whether exclusively or not) of a company, shall be deemed to be controlled by such company; and

(3) shares transferred after January 1, 1966, by any bank holding company (or by any company which, but for such transfer, would be a bank holding company) directly or indirectly to any transferee that is indebted to the transferor, or has one or more of-

ficers, directors, trustees, or beneficiaries in common with or subject to control by the transferor, shall be deemed to be indirectly owned or controlled by the transferor unless the Board, after opportunity for hearing, determines that the transferor is not in fact capable of controlling the transferee.

#### **Extraterritorial application**

(h) The application of this Act and of section 23A of the Federal Reserve Act (12 U.S.C. 371), as amended, shall not be affected by the fact that a transaction takes place wholly or partly outside the United States or that a company is organized or operates outside the United States: *Provided, however,* That the prohibitions of section 4 of this Act shall not apply to shares of any company organized under the laws of a foreign country that does not do any business within the United States, if such shares are held or acquired by a bank holding company that is principally engaged in the banking business outside the United States.

[U. S. C., title 12, sec. 1841. As amended by Act of July 1, 1966 (80 Stat. 236).]

### **ACQUISITION OF BANK SHARES OR ASSETS**

#### **Transactions requiring approval; exceptions**

SEC. 3. (a) It shall be unlawful, except with the prior approval of the Board, (1) for any action to be taken that causes any company to become a bank holding company; (2) for any action to be taken that causes a bank to become a subsidiary of a bank holding company; (3) for any bank holding company to acquire direct or indirect ownership or control of any voting shares of any bank if, after such acquisition, such company will directly or indirectly own or control more than 5 per centum of the voting shares of such bank; (4) for any bank holding company or subsidiary thereof, other than a bank, to acquire all or substantially all of the assets of a bank; or (5) for any bank holding company to merge or consolidate with any other bank holding company. Notwithstanding the foregoing this prohibition shall not apply to (A) shares acquired by a bank, (i) in good faith in a fiduciary capacity, except where such shares are held under a trust that constitutes a company as defined in section 2(b) and except as provided in paragraphs (2) and (3) of section 2(g), or (ii) in the regular course of securing or collecting a debt previously contracted in good faith, but any shares acquired after the date of enactment of this Act in securing or collecting any such previously contracted debt shall be disposed of within a period of two years from the date on which they were acquired; or (B) additional shares acquired by a bank holding company in a bank in which such bank holding company

owned or controlled a majority of the voting shares prior to such acquisition.

#### **Hearings on applications**

(b) Upon receiving from a company any application for approval under this section, the Board shall give notice to the Comptroller of the Currency, if the applicant company or any bank the voting shares or assets of which are sought to be acquired is a national banking association or a District bank, or to the appropriate supervisory authority of the interested State, if the applicant company or any bank the voting shares or assets of which are sought to be acquired is a State bank, and shall allow thirty days within which the views and recommendations of the Comptroller of the Currency or the State supervisory authority, as the case may be, may be submitted. If the Comptroller of the Currency or the State supervisory authority so notified by the Board disapproves the application in writing within said thirty days, the Board shall forthwith give written notice of that fact to the applicant. Within three days after giving such notice to the applicant, the Board shall notify in writing the applicant and the disapproving authority of the date for commencement of a hearing by it on such application. Any such hearing shall be commenced not less than ten nor more than thirty days after the Board has given written notice to the applicant of the action of the disapproving authority. The length of any such hearing shall be determined by the Board, but it shall afford all interested parties a reasonable opportunity to testify at such hearing. At the conclusion thereof, the Board shall by order grant or deny the application on the basis of the record made at such hearing.

#### **Factors to be considered**

(c) The Board shall not approve—

(1) any acquisition or merger or consolidation under this section which would result in a monopoly, or which would be in furtherance of any combination or conspiracy to monopolize or to attempt to monopolize the business of banking in any part of the United States, or

(2) any other proposed acquisition or merger or consolidation under this section whose effect in any section of the country may be substantially to lessen competition, or to tend to create a monopoly, or which in any other manner would be in restraint of trade, unless it finds that the anticompetitive effects of the proposed transaction are clearly outweighed in the public interest by the probable effect of the transaction in meeting the convenience and needs of the community to be served.

In every case, the Board shall take into consideration the financial

and managerial resources and future prospects of the company or companies and the banks concerned, and the convenience and needs of the community to be served.

#### **Acquisitions in other states**

(d) Notwithstanding any other provision of this section, no application shall be approved under this section which will permit any bank holding company or any subsidiary thereof to acquire, directly or indirectly, any voting shares of, interest in, or all or substantially all of the assets of any additional bank located outside of the State in which the operations of such bank holding company's banking subsidiaries were principally conducted on the effective date of this amendment or the date on which such company became a bank holding company, whichever is later, unless the acquisition of such shares or assets of a State bank by an out-of-State bank holding company is specifically authorized by the statute laws of the State in which such bank is located, by language to that effect and not merely by implication. For the purposes of this section, the State in which the operations of a bank holding company's subsidiaries are principally conducted is that State in which total deposits of all such banking subsidiaries are largest.

[U. S. C., title 12, sec. 1842. As amended by Act of July 1, 1966 (80 Stat. 237).]

### **INTERESTS IN NONBANKING ORGANIZATIONS**

#### **Prohibitions**

**SEC. 4.** (a) Except as otherwise provided in this Act, no bank holding company shall—

(1) after the date of enactment of this Act acquire direct or indirect ownership or control of any voting shares of any company which is not a bank, or

(2) after two years from the date as of which it becomes a bank holding company, or, in the case of any company that has been continuously affiliated since May 15, 1955, with a company which was registered under the Investment Company Act of 1940, prior to May 15, 1955, in such a manner as to constitute an affiliated company within the meaning of that Act, after December 31, 1978, retain direct or indirect ownership or control of any voting shares of any company which is not a bank or a bank holding company or engage in any business other than that of banking or of managing or controlling banks or of furnishing services to or performing services for any bank of which it owns or controls 25 per centum or more of the voting shares.

The Board is authorized, upon application by a bank holding company, to extend the period referred to in paragraph (2) above from time to time as to such bank holding company for not more than one year

at a time, if, in its judgment, such an extension would not be detrimental to the public interest, but no such extensions shall in the aggregate exceed three years.

#### **Divorcement of shares**

(b) After two years from the date of enactment of this Act, no certificate evidencing shares of any bank holding company shall bear any statement purporting to represent shares of any other company except a bank or a bank holding company, nor shall the ownership, sale, or transfer of shares of any bank holding company be conditioned in any manner whatsoever upon the ownership, sale, or transfer of shares of any other company except a bank or a bank holding company.

#### **Exemptions**

(c) The prohibitions in this section shall not apply to any bank holding company which is a labor, agricultural, or horticultural organization and which is exempt from taxation under section 501 of the Internal Revenue Code of 1954, and such prohibitions shall not, with respect to any other bank holding company, apply to—

(1) shares of any company engaged or to be engaged solely in one or more of the following activities: (A) holding or operating properties used wholly or substantially by any banking subsidiary of such bank holding company in the operations of such banking subsidiary or acquired for such future use; or (B) conducting a safe deposit business; or (C) furnishing services to or performing services for such bank holding company or its banking subsidiaries; or (D) liquidating assets acquired from such bank holding company or its banking subsidiaries or acquired from any other source prior to May 9, 1956, or the date on which such company became a bank holding company, whichever is later;

(2) shares acquired by a bank in satisfaction of a debt previously contracted in good faith, but such bank shall dispose of such shares within a period of two years from the date on which they were acquired, except that the Board is authorized upon application by such bank holding company to extend such period of two years from time to time as to such holding company for not more than one year at a time if, in its judgment, such an extension would not be detrimental to the public interest, but no such extensions shall extend beyond a date five years after the date on which such shares were acquired;

(3) shares acquired by such bank holding company from any of its subsidiaries which subsidiary has been requested to dispose of such shares by any Federal or State authority having statutory power

to examine such subsidiary, but such bank holding company shall dispose of such shares within a period of two years from the date on which they were acquired;

(4) shares held or acquired by a bank in good faith in a fiduciary capacity, except where such shares are held under a trust that constitutes a company as defined in section 2(b) and except as provided in paragraphs (2) and (3) of section 2(g);

(5) shares which are of the kinds and amounts eligible for investment by national banking associations under the provisions of section 5136 of the Revised Statutes;

(6) shares of any company which do not include more than 5 per centum of the outstanding voting shares of such company;

(7) shares of an investment company which is not a bank holding company and which is not engaged in any business other than investing in securities, which securities do not include more than 5 per centum of the outstanding voting shares of any company;

(8) shares of any company all the activities of which are or are to be of a financial, fiduciary, or insurance nature and which the Board after due notice and hearing, and on the basis of the record made at such hearing, by order has determined to be so closely related to the business of banking or of managing or controlling banks as to be a proper incident thereto and as to make it unnecessary for the prohibitions of this section to apply in order to carry out the purposes of this Act;

(9) shares of any company which is or is to be organized under the laws of a foreign country and which is or is to be engaged principally in the banking business outside the United States; or

(10) shares lawfully acquired and owned prior to May 9, 1956, by a bank which is a bank holding company, or by any of its wholly owned subsidiaries.

#### **Retention of shares after repeal of exemption**

(d) With respect to shares which were not subject to the prohibitions of this section as originally enacted by reason of any exemption with respect thereto but which were made subject to such prohibitions by the subsequent repeal of such exemption, no bank holding company shall retain direct or indirect ownership or control of such shares after five years from the date of the repeal of such exemption, except as provided in paragraph (2) of subsection (a). Any bank holding company subject to such five-year limitation on the retention of nonbanking assets shall endeavor to divest itself of such shares promptly and such bank holding company shall report its progress in



such divestiture to the Board two years after repeal of the exemption applicable to it and annually thereafter.

[U. S. C., title 12, sec. 1843. As amended by Act of July 1, 1966 (80 Stat. 238).]

## ADMINISTRATION

### Registration statements

SEC. 5. (a) Within one hundred and eighty days after the date of enactment of this Act, or within one hundred and eighty days after becoming a bank holding company, whichever is later, each bank holding company shall register with the Board on forms prescribed by the Board, which shall include such information with respect to the financial condition and operations, management, and intercompany relationships of the bank holding company and its subsidiaries, and related matters, as the Board may deem necessary or appropriate to carry out the purposes of this Act. The Board may, in its discretion, extend the time within which a bank holding company shall register and file the requisite information.

### Regulations

(b) The Board is authorized to issue such regulations and orders as may be necessary to enable it to administer and carry out the purposes of this Act and prevent evasions thereof.

### Reports and examinations

(c) The Board from time to time may require reports under oath to keep it informed as to whether the provisions of this Act and such regulations and orders issued thereunder have been complied with; and the Board may make examinations of each bank holding company and each subsidiary thereof, the cost of which shall be assessed against, and paid by, such holding company. The Board shall, as far as possible, use the reports of examinations made by the Comptroller of the Currency, the Federal Deposit Insurance Corporation, or the appropriate State bank supervisory authority for the purposes of this section.

### Annual Reports of Board

(d) Before the expiration of two years following the date of enactment of this Act, and each year thereafter in the Board's annual report to the Congress, the Board shall report to the Congress the results of the administration of this Act, stating what, if any, substantial difficulties have been encountered in carrying out the purposes of this Act, and any recommendations as to changes in the law which in the opinion of the Board would be desirable.

[U. S. C., title 12, sec. 1844.]

[Section 6 was repealed by section 9 of the Act of July 1, 1966 (80 Stat. 240).]

## RESERVATION OF RIGHTS TO STATES

### States' rights

SEC. 7. The enactment by the Congress of the Bank Holding Company Act of 1956 shall not be construed as preventing any State from exercising such powers and jurisdiction which it now has or may hereafter have with respect to banks, bank holding companies, and subsidiaries thereof.

[U. S. C., title 12, sec. 1846.]

## PENALTIES

### Criminal penalties

SEC. 8. Any company which willfully violates any provision of this Act, or any regulation or order issued by the Board pursuant thereto, shall upon conviction be fined not more than \$1,000 for each day during which the violation continues. Any individual who willfully participates in a violation of any provision of this Act shall upon conviction be fined not more than \$10,000 or imprisoned not more than one year, or both. Every officer, director, agent, and employee of a bank holding company shall be subject to the same penalties for false entries in any book, report, or statement of such bank holding company as are applicable to officers, directors, agents, and employees of member banks for false entries in any books, reports, or statements of member banks under section 1005 of title 18, United States Code.

[U. S. C., title 12, sec. 1847.]

## JUDICIAL REVIEW

### Judicial review

SEC. 9. Any party aggrieved by an order of the Board under this Act may obtain a review of such order in the United States Court of Appeals within any circuit wherein such party has its principal place of business, or in the Court of Appeals in the District of Columbia, by filing in the court, within thirty days after the entry of the Board's order, a petition praying that the order of the Board be set aside. A copy of such petition shall be forthwith transmitted to the Board by the clerk of the court, and thereupon the Board shall file in the court the record made before the Board, as provided in section 2112 of title 28, United States Code. Upon the filing of such petition the court shall have the jurisdiction to affirm, set aside, or modify the order of the Board and to require the Board to take such action with regard to the matter under review as the court deems proper. The findings of the Board as to the facts, if supported by substantial evidence, shall be conclusive.

[U. S. C., title 12, sec. 1848. As amended by Acts of August 28, 1958 (72 Stat. 951) and July 1, 1966 (80 Stat. 240).]

## AMENDMENTS TO INTERNAL REVENUE CODE OF 1954

**Tax provisions**

SEC. 10. (a) Subchapter O of chapter 1 of the Internal Revenue Code of 1954 is amended by adding at the end thereof the following new part:

**“PART VIII—DISTRIBUTIONS PURSUANT TO BANK HOLDING COMPANY ACT OF 1956**

“Sec. 1101. Distributions pursuant to Bank Holding Company Act of 1956.

“Sec. 1102. Special rules.

“Sec. 1103. Definitions.

**“SEC. 1101. DISTRIBUTIONS PURSUANT TO BANK HOLDING COMPANY ACT OF 1956.**

“(a) DISTRIBUTIONS OF CERTAIN NON-BANKING PROPERTY.—

“(1) DISTRIBUTIONS OF PROHIBITED PROPERTY.—If—

“(A) a qualified bank holding corporation distributes prohibited property (other than stock received in an exchange to which subsection (c) (2) applies)—

“(i) to a shareholder (with respect to its stock held by such shareholder), without the surrender by such shareholder of stock in such corporation; or

“(ii) to a shareholder, in exchange for its preferred stock; or

“(iii) to a security holder, in exchange for its securities; and

“(B) the Board has, before the distribution, certified that the distribution of such prohibited property is necessary or appropriate to effectuate section 4 of the Bank Holding Company Act of 1956,

then no gain to the shareholder or security holder from the receipt of such property shall be recognized.

“(2) DISTRIBUTIONS OF STOCK AND SECURITIES RECEIVED IN AN EXCHANGE TO WHICH SUBSECTION (c) (2) APPLIES.—If—

“(A) a qualified bank holding corporation distributes—

“(i) common stock received in an exchange to which subsection (c) (2) applies to a shareholder (with respect to its stock held by such shareholder), without the surrender by such shareholder of stock in such corporation; or

“(ii) common stock received in an exchange to which subsection (c) (2) applies to a shareholder, in exchange for its common stock; or

“(iii) preferred stock or common stock received in an exchange to which subsection (c) (2) applies to a shareholder, in exchange for its preferred stock; or

“(iv) securities or preferred or common stock received in an exchange to which subsection (c) (2) applies to a security holder, in exchange for its securities; and

“(B) any preferred stock received has substantially the same terms as the preferred stock exchanged, and any securities received have substantially the same terms as the securities exchanged,

then, except as provided in subsection (f), no gain to the shareholder or security holder from the receipt of such stock or such securities or such stock and securities shall be recognized.

“(3) **NON PRO RATA DISTRIBUTIONS.**—Paragraphs (1) and (2) shall apply to a distribution whether or not the distribution is pro rata with respect to all of the shareholders of the distributing qualified bank holding corporation.

“(4) **EXCEPTION.**—This subsection shall not apply to any distribution by a corporation which has made any distribution pursuant to subsection (b).

“(5) **DISTRIBUTIONS INVOLVING GIFT OR COMPENSATION.**—

“In the case of a distribution to which paragraph (1) or (2) applies, but which—

“(A) results in a gift, see section 2501, and following, or

“(B) has the effect of the payment of compensation, see section 61 (a) (1).

“(b) **CORPORATION CEASING TO BE A BANK HOLDING COMPANY.**—

“(1) **DISTRIBUTIONS OF PROPERTY WHICH CAUSE A CORPORATION TO BE A BANK HOLDING COMPANY.**—If—

“(A) a qualified bank holding corporation distributes property (other than stock received in an exchange to which subsection (c) (3) applies)—

“(i) to a shareholder (with respect to its stock held by such shareholder), without the surrender by such shareholder of stock in such corporation; or

“(ii) to a shareholder, in exchange for its preferred stock; or

“(iii) to a security holder, in exchange for its securities; and

“(B) the Board has, before the distribution, certified that—

“(i) such property is all or part of the property by reason of which such corporation controls (within the meaning of section 2 (a) of the Bank Holding Company Act of 1956) a bank or bank holding company, or such property is part of the property by reason of which such corporation did control a bank or a bank holding company before any property of the same kind was distributed under this subsection or exchanged under subsection (c) (3); and

“(ii) the distribution is necessary or appropriate to effectuate the policies of such Act,

then no gain to the shareholder or security holder from the receipt of such property shall be recognized.

“(2) DISTRIBUTIONS OF STOCK AND SECURITIES RECEIVED IN AN EXCHANGE TO WHICH SUBSECTION (c) (3) APPLIES.—If—

“(A) a qualified bank holding corporation distributes—

“(i) common stock received in an exchange to which subsection (c) (3) applies to a shareholder (with respect to its stock held by such shareholder), without the surrender by such shareholder of stock in such corporation; or

“(ii) common stock received in an exchange to which subsection (c) (3) applies to a shareholder, in exchange for its common stock; or

“(iii) preferred stock or common stock received in an exchange to which subsection (c) (3) applies to a shareholder, in exchange for its preferred stock; or

“(iv) securities or preferred or common stock received in an exchange to which subsection (c) (3) applies to a security holder, in exchange for its securities; and

“(B) any preferred stock received has substantially the same terms as the preferred stock exchanged, and any securities received have substantially the same terms as the securities exchanged,

then, except as provided in subsection (f), no gain to the shareholder or security holder from the receipt of such stock or such securities or such stock and securities shall be recognized.

“(3) NON PRO RATA DISTRIBUTIONS.—Paragraphs (1) and (2) shall apply to a distribution whether or not the distribution is pro rata with respect to all of the shareholders of the distributing qualified bank holding corporation.

“(4) EXCEPTION.—This subsection shall not apply to any distribution by a corporation which has made any distribution pursuant to subsection (a).

**“(5) DISTRIBUTIONS INVOLVING GIFT OR COMPENSATION.—**

**“In the case of a distribution to which paragraph (1) or (2) applies, but which—**

**“(A) results in a gift, see section 2501, and following, or**

**“(B) has the effect of the payment of compensation, see section 61 (a) (1).**

**“(c) PROPERTY ACQUIRED AFTER MAY 15, 1955.—**

**(1) IN GENERAL.—**Except as provided in paragraphs (2) and (3), subsection (a) or (b) shall not apply to—

**“(A) any property acquired by the distributing corporation after May 15, 1955, unless (i) gain to such corporation with respect to the receipt of such property was not recognized by reason of subsection (a) or (b), or (ii) such property was received by it in exchange for all of its stock in an exchange to which paragraph (2) or (3) applies, or (iii) such property was acquired by the distributing corporation in a transaction in which gain was not recognized under section 305 (a) or section 332, or under section 354 with respect to a reorganization described in section 368 (a) (1) (E) or (F), or**

**“(B) any property which was acquired by the distributing corporation in a distribution with respect to stock acquired by such corporation after May 15, 1955, unless such stock was acquired by such corporation (i) in a distribution (with respect to stock held by it on May 15, 1955, or with respect to stock in respect of which all previous applications of this clause are satisfied) with respect to which gain to it was not recognized by reason of subsection (a) or (b), or (ii) in exchange for all of its stock in an exchange to which paragraph (2) or (3) applies, or (iii) in a transaction in which gain was not recognized under section 305 (a) or section 332, or under section 354 with respect to a reorganization described in section 368 (a) (1) (E) or (F), or**

**“(C) any property acquired by the distributing corporation in a transaction in which gain was not recognized under section 332, unless such property was acquired from a corporation which, if it had been a qualified bank holding corporation, could have distributed such property under subsection (a) (1) or (b) (1).**

**“(2) EXCHANGES INVOLVING PROHIBITED PROPERTY.—If—**

**“(A) Any qualified bank holding corporation exchanges (i) property, which, under subsection (a) (1), such corporation could distribute directly to its shareholders or security holders without the recognition of gain to such shareholders or**

security holders, and other property (except property described in subsection (b)(1)(B)(i)), for (ii) all of the stock of a second corporation created and availed of solely for the purpose of receiving such property;

“(B) immediately after the exchange, the qualified bank holding corporation distributes all of such stock in a manner prescribed in subsection (a) (2) (A); and

“(C) before such exchange, the Board has certified (with respect to the property exchanged which consists of property which, under subsection (a) (1), such corporation could distribute directly to its shareholders or security holders without the recognition of gain) that the exchange and distribution are necessary or appropriate to effectuate section 4 of the Bank Holding Company Act of 1956,

then paragraph (1) shall not apply with respect to such distribution.

“(3) EXCHANGES INVOLVING INTERESTS IN BANKS.—If—

“(A) any qualified bank holding corporation exchanges (i) property which, under subsection (b) (1), such corporation could distribute directly to its shareholders or security holders without the recognition of gain to such shareholders or security holders, and other property (except prohibited property), for (ii) all of the stock of a second corporation created and availed of solely for the purpose of receiving such property;

“(B) immediately after the exchange, the qualified bank holding corporation distributes all of such stock in a manner prescribed in subsection (b) (2) (A); and

“(C) before such exchange, the Board has certified (with respect to the property exchanged which consists of property which, under subsection (b) (1), such corporation could distribute directly to its shareholders or security holders without the recognition of gain) that—

“(i) such property is all or part of the property by reason of which such corporation controls (within the meaning of section 2 (a) of the Bank Holding Company Act of 1956) a bank or bank holding company, or such property is part of the property by reason of which such corporation did control a bank or a bank holding company before any property of the same kind was distributed under subsection (b) (1) or exchanged under this paragraph; and

“(ii) the exchange and distribution are necessary or appropriate to effectuate the policies of such Act,

then paragraph (1) shall not apply with respect to such distribution.

“(d) DISTRIBUTIONS TO AVOID FEDERAL INCOME TAX.—

“(1) PROHIBITED PROPERTY.—Subsection (a) shall not apply to a distribution if, in connection with such distribution, the distributing corporation retains, or transfers after May 15, 1955, to any corporation, property (other than prohibited property) as part of a plan one of the principal purposes of which is the distribution of the earnings and profits of any corporation.

“(2) BANKING PROPERTY.—Subsection (b) shall not apply to a distribution if, in connection with such distribution, the distributing corporation retains, or transfers after May 15, 1955, to any corporation, property (other than property described in subsection (b) (1) (B) (i)) as part of a plan one of the principal purposes of which is the distribution of the earnings and profits of any corporation.

“(3) CERTAIN CONTRIBUTIONS TO CAPITAL.—In the case of a distribution a portion of which is attributable to a transfer which is a contribution to the capital of a corporation, made after May 15, 1955, and prior to the date of the enactment of this part, if subsection (a) or (b) would apply to such distribution but for the fact that, under paragraph (1) or (2) (as the case may be) of this subsection, such contribution to capital is part of a plan one of the principal purposes of which is to distribute the earnings and profits of any corporation, then, notwithstanding paragraph (1) or (2), subsection (a) or (b) (as the case may be) shall apply to that portion of such distribution not attributable to such contribution to capital, and shall not apply to that portion of such distribution attributable to such contribution to capital.

“(e) FINAL CERTIFICATION.—

“(1) FOR SUBSECTION (a).—Subsection (a) shall not apply with respect to any distribution by a corporation unless the Board certifies that, before the expiration of the period permitted under section 4 (a) of the Bank Holding Company Act of 1956 (including any extensions thereof granted to such corporation under such section 4 (a)), the corporation has disposed of all the property the disposition of which is necessary or appropriate to effectuate section 4 of such Act (or would have been so necessary or appropriate if the corporation had continued to be a bank holding company).

“(2) FOR SUBSECTION (b).—

“(A) Subsection (b) shall not apply with respect to any distribution by any corporation unless the Board certifies that, before the expiration of the period specified in subparagraph (B), the corporation has ceased to be a bank holding company.

“(B) The period referred to in subparagraph (A) is the period which expires 2 years after the date of the enactment



of this part or 2 years after the date on which the corporation becomes a bank holding company, whichever date is later. The Board is authorized, on application by any corporation, to extend such period from time to time with respect to such corporation for not more than one year at a time if, in its judgment, such an extension would not be detrimental to the public interest; except that such period may not in any case be extended beyond the date 5 years after the date of the enactment of this part or 5 years after the date on which the corporation becomes a bank holding company, whichever date is later.

“(f) CERTAIN EXCHANGES OF SECURITIES.—In the case of an exchange described in subsection (a) (2) (A) (iv) or subsection (b) (2) (A) (iv), subsection (a) or subsection (b) (as the case may be) shall apply only to the extent that the principal amount of the securities received does not exceed the principal amount of the securities exchanged.

[U. S. C., title 26, sec. 1101.]

**“SEC. 1102. SPECIAL RULES.**

“(a) BASIS OF PROPERTY ACQUIRED IN DISTRIBUTIONS.—If, by reason of section 1101, gain is not recognized with respect to the receipt of any property, then, under regulations prescribed by the Secretary or his delegate—

“(1) if the property is received by a shareholder with respect to stock, without the surrender by such shareholder of stock, the basis of the property received and of the stock with respect to which it is distributed shall, in the distributee’s hands, be determined by allocating between such property and such stock the adjusted basis of such stock; or

“(2) if the property is received by a shareholder in exchange for stock or by a security holder in exchange for securities, the basis of the property received shall, in the distributee’s hands, be the same as the adjusted basis of the stock or securities exchanged, increased by—

“(A) the amount of the property received which was treated as a dividend, and

“(B) the amount of gain to the taxpayer recognized on the property received (not including any portion of such gain which was treated as a dividend).

“(b) PERIODS OF LIMITATION.—The periods of limitation provided in section 6501 (relating to limitations on assessment and collection) shall not expire, with respect to any deficiency (including interest and additions to the tax) resulting solely from the receipt of property by shareholders in a distribution which is certified by the Board under subsection (a), (b), or (c) of section 1101, until five years after the distrib-

uting corporation notifies the Secretary or his delegate (in such manner and with such accompanying information as the Secretary or his delegate may by regulations prescribe) that the period (including extensions thereof) prescribed in section 4 (a) of the Bank Holding Company Act of 1956, or section 1101 (e) (2) (B), whichever is applicable, has expired; and such assessment may be made notwithstanding any provision of law or rule of law which would otherwise prevent such assessment.

“(c) ALLOCATION OF EARNINGS AND PROFITS.—

“(1) DISTRIBUTION OF STOCK IN A CONTROLLED CORPORATION.—

In the case of a distribution by a qualified bank holding corporation under section 1101 (a) (1) or (b) (1) of stock in a controlled corporation, proper allocation with respect to the earnings and profits of the distributing corporation and the controlled corporation shall be made under regulations prescribed by the Secretary or his delegate.

“(2) EXCHANGES DESCRIBED IN SECTION 1101 (c) (2) OR (3).—

In the case of any exchange described in section 1101 (c) (2) or (3), proper allocation with respect to the earnings and profits of the corporation transferring the property and the corporation receiving such property shall be made under regulations prescribed by the Secretary or his delegate.

“(3) DEFINITION OF CONTROLLED CORPORATION.—For purposes of paragraph (1), the term ‘controlled corporation’ means a corporation with respect to which at least 80 per cent of the total combined voting power of all classes of stock entitled to vote and at least 80 per cent of the total number of shares of all other classes of stock is owned by the distributing qualified bank holding corporation.

“(d) ITEMIZATION OF PROPERTY.—In any certification under this part, the Board shall make such specification and itemization of property as may be necessary to carry out the provisions of this part.

“(e) CERTAIN BANK HOLDING COMPANIES.—This part shall apply in respect of any company which becomes a bank holding company as a result of the enactment of the Act entitled ‘An Act to amend the Bank Holding Company Act of 1956’, approved July 1, 1966 (Public Law 89-485), with the following modifications:

“(1) Subsections (a) (3) and (b) (3) of section 1101 shall not apply.

“(2) Subsections (a) (1) and (2) and (b) (1) and (2) of section 1101 shall apply in respect of distributions to shareholders of the distributing bank holding corporation only if all distributions to each class of shareholders which are made—

“(A) after April 12, 1965, and

“(B) on or before the date on which the Board of Gover-

nors of the Federal Reserve System makes its final certification under section 1101 (e),  
are pro rata. For purposes of the preceding sentence, any redemption of stock made in whole or in part with property other than money shall be treated as a distribution.

“(3) In applying subsections (c) and (d) of section 1101 and subsection (b) of section 1103, the date ‘April 12, 1965’ shall be substituted for the date ‘May 15, 1955’.

“(4) In applying subsection (d) (3) of section 1101, the date of the enactment of this subsection shall be treated as being the date of the enactment of this part.

“(5) In applying subsection (b) (2) (A) of section 1103, the reference to the Bank Holding Company Act of 1956 shall be treated as referring to such Act as amended by Public Law 89-485.

[U. S. C., title 26, sec. 1102. Paragraph (e) was added by Act of December 27, 1967 (81 Stat. 730) and applies to distributions made after that date in taxable years ending after such date.]

#### “SEC. 1103. DEFINITIONS.

“(a) **BANK HOLDING COMPANY.**—For purposes of this part, the term ‘bank holding company’ has the meaning assigned to such term by section 2 of the Bank Holding Company Act of 1956.

“(b) **QUALIFIED BANK HOLDING CORPORATION.**—

“(1) **IN GENERAL.**—Except as provided in paragraph (2), for purposes of this part the term ‘qualified bank holding corporation’ means any corporation (as defined in section 7701 (a) (3)) which is a bank holding company and which holds prohibited property acquired by it—

“(A) on or before May 15, 1955.

“(B) in a distribution in which gain to such corporation with respect to the receipt of such property was not recognized by reason of subsection (a) or (b) of section 1101, or

“(C) in exchange for all of its stock in an exchange described in section 1101 (c) (2) or (c) (3).

“(2) **LIMITATIONS.**—

“(A) A bank holding company shall not be a qualified bank holding corporation, unless it would have been a bank holding company on May 15, 1955, if the Bank Holding Company Act of 1956 had been in effect on such date, or unless it is a bank holding company determined solely by reference to—

“(i) property acquired by it on or before May 15, 1955,

“(ii) property acquired by it in a distribution in which gain to such corporation with respect to the receipt of such

property was not recognized by reason of subsection (a) or (b) of section 1101, and

“(iii) property acquired by it in exchange for all of its stock in an exchange described in section 1101 (c) (2) or (3).

“(B) A bank holding company shall not be a qualified bank holding corporation by reason of property described in subparagraph (B) of paragraph (1) or clause (ii) of subparagraph (A) of this paragraph, unless such property was acquired in a distribution with respect to stock, which stock was acquired by such bank holding company—

“(i) on or before May 15, 1955,

“(ii) in a distribution (with respect to stock held by it on May 15, 1955, or with respect to stock in respect of which all previous applications of this clause are satisfied) with respect to which gain to it was not recognized by reason of subsection (a) or (b) of section 1101, or

“(iii) in exchange for all of its stock in an exchange described in section 1101 (c) (2) or (3).

“(C) A corporation shall be treated as a qualified bank holding corporation only if the Board certifies that it satisfies the foregoing requirements of this subsection.

“(c) **PROHIBITED PROPERTY.**—For purposes of this part, the term ‘prohibited property’ means, in the case of any bank holding company, property (other than nonexempt property) the disposition of which would be necessary or appropriate to effectuate section 4 of the Bank Holding Company Act of 1956 if such company continued to be a bank holding company beyond the period (including any extensions thereof) specified in subsection (a) of such section or in section 1101 (e) (2) (B) of this part, as the case may be. The term ‘prohibited property’ does not include shares of any company held by a bank holding company to the extent that the prohibitions of section 4 of the Bank Holding Company Act of 1956 do not apply to the ownership by such bank holding company of such property by reason of subsection (c) (5) of such section.

“(d) **NONEXEMPT PROPERTY.**—For purposes of this part, the term ‘nonexempt property’ means—

“(1) obligations (including notes, drafts, bills of exchange, and bankers’ acceptances) having a maturity at the time of issuance of not exceeding 24 months, exclusive of days of grace;

“(2) securities issued by or guaranteed as to principal or interest by a government or subdivision thereof or by any instrumentality of a government or subdivision; or

“(3) money, and the right to receive money not evidenced by a security or obligation (other than a security or obligation described in paragraph (1) or (2)).

“(e) BOARD.—For purposes of this part, the term ‘Board’ means the Board of Governors of the Federal Reserve System.”

[U. S. C., title 26, sec. 1103.]

(b) The table of parts for subchapter O of chapter 1 of the Internal Revenue Code of 1954 is amended by adding at the end thereof the following:

“Part VIII. Distributions pursuant to Bank Holding Company Act of 1956.”

(c) The amendments made by this section shall apply with respect to taxable years ending after the date of the enactment of this Act.

### SAVING PROVISION

#### Saving clause

SEC. 11. (a) Nothing herein contained shall be interpreted or construed as approving any act, action, or conduct which is or has been or may be in violation of existing law, nor shall anything herein contained constitute a defense to any action, suit, or proceeding pending or hereafter instituted on account of any prohibited antitrust or monopolistic act, action, or conduct, except as specifically provided in this section.

#### Applicability of and procedure with respect to antitrust laws

(b) The Board shall immediately notify the Attorney General of any approval by it pursuant to this Act of a proposed acquisition, merger, or consolidation transaction, and such transaction may not be consummated before the thirtieth calendar day after the date of approval by the Board. Any action brought under the antitrust laws arising out of an acquisition, merger, or consolidation transaction shall be commenced within such thirty-day period. The commencement of such an action shall stay the effectiveness of the Board’s approval unless the court shall otherwise specifically order. In any such action, the court shall review *de novo* the issues presented. In any judicial proceeding attacking any acquisition, merger, or consolidation transaction approved pursuant to this Act on the ground that such transaction alone and of itself constituted a violation of any antitrust laws other than section 2 of the Act of July 2, 1890 (section 2 of the Sherman Antitrust Act, 15 U.S.C. 2), the standards applied by the court shall be identical with those that the Board is directed to apply under section 3 of this Act. Upon the consummation of an acquisition, merger, or consolidation transaction in compliance with this Act and after the termination of any antitrust litigation commenced within the period

prescribed in this section, or upon the termination of such period if no such litigation is commenced therein, the transaction may not thereafter be attacked in any judicial proceeding on the ground that it alone and of itself constituted a violation of any antitrust laws other than section 2 of the Act of July 2, 1890 (section 2 of the Sherman Antitrust Act, 15 U.S.C. 2), but nothing in this Act shall exempt any bank holding company involved in such a transaction from complying with the antitrust laws after the consummation of such transaction.

#### **Judicial rights of Board and State bank supervisors**

(c) In any action brought under the antitrust laws arising out of any acquisition, merger, or consolidation transaction approved by the Board pursuant to this Act, the Board and any State banking supervisory agency having jurisdiction within the State involved, may appear as a party of its own motion and as of right, and be represented by its counsel.

#### **Litigation not initiated before July 1, 1966**

(d) Any acquisition, merger, or consolidation of the kind described in section 3(a) of this Act which was consummated at any time prior or subsequent to May 9, 1956, and as to which no litigation was initiated by the Attorney General prior to the date of enactment of this amendment, shall be conclusively presumed not to have been in violation of any antitrust laws other than section 2 of the Act of July 2, 1890 (section 2 of the Sherman Antitrust Act, 15 U.S.C. 2).

#### **Litigation pending on or after July 1, 1966**

(e) Any court having pending before it on or after the date of enactment of this amendment any litigation initiated under the antitrust laws by the Attorney General with respect to any acquisition, merger, or consolidation of the kind described in section 3(a) of this Act shall apply the substantive rule of law set forth in section 3 of this Act.

#### **Meaning of "antitrust laws"**

(f) For the purposes of this section, the term "antitrust laws" means the Act of July 2, 1890 (the Sherman Antitrust Act, 15 U.S.C. 1-7), the Act of October 15, 1914 (the Clayton Act, 15 U.S.C. 12-27), and any other Acts in pari materia.

[U. S. C., title 12, sec. 1841 (note). As amended by Act of July 1, 1966 (80 Stat. 240).]

### **SEPARABILITY OF PROVISIONS**

#### **Separability clause**

SEC. 12. If any provision of this Act, or the application of such provision to any person or circumstance, shall be held invalid, the remainder of the Act, and the application of such provision to persons or circumstances other than those to which it is held invalid, shall not be affected thereby.

[U. S. C., title 12, sec. 1841 (note).]