

FEDERAL RESERVE BANK OF DALLAS

DALLAS, TEXAS 75222

Circular No. 72-265
November 21, 1972

To All Bank Holding Company Presidents and Others
Concerned in the Eleventh Federal Reserve District:

Recently the Board of Governors addressed a letter to Mr. Donald L. Rogers of the Association of Registered Bank Holding Companies. This letter discussed the policy on the statutory time limit requirements pertaining to applications filed under Sections 3 and 4(c)(8) of the Bank Holding Company Act as amended in 1970.

Enclosed is a copy of the letter for your information.

Yours very truly,

P. E. Coldwell,

President

Enclosure



BOARD OF GOVERNORS
OF THE
FEDERAL RESERVE SYSTEM
WASHINGTON, D. C. 20551

ADDRESS OFFICIAL CORRESPONDENCE
TO THE BOARD

November 14, 1972

Mr. Donald L. Rogers
Executive Director
Association of Registered
Bank Holding Companies
730 Fifteenth Street, N. W.
Washington, D. C. 20005

Dear Mr. Rogers:

Your letter of October 10, 1972, requested a statement of policy with respect to the statutory time limit requirements pertaining to applications filed under sections 3 and 4(c)(8) of the Bank Holding Company Act as amended in 1970. Section 3 of the Act (which provides for bank acquisitions and holding company formations) reads in part:

"In the event of the failure of the Board to act on any application for approval under this section within the ninety-one-day period which begins on the date of submission to the Board of the complete record on that application, the application shall be deemed to have been granted."

A similar provision is contained in section 4(c)(8) which applies to applications to engage in activities that the Board determines are closely related to banking.

The Board construes the 91-day provision specified in the Act to mean that such period begins to run when, in the judgment of the staff, all information needed to reach a decision in a specific application has been presented to the Board for its consideration. If more information is subsequently requested by the Board, the 91-day period is stayed pending receipt of the new information so that the remaining portion of the period will begin when the new information is submitted to the Board. This construction, the Board believes, is consistent with the recent decision of the United States Court of Appeals for the Fifth Circuit involving the provision in the Savings

and Loan Holding Company Act from which the 91-day provision in the Bank Holding Company Act appears to have been adapted. (The Fort Worth National Corporation vs FSLIC et al (No. 71-2821; October 12, 1972)). The Court decided that the 91-day provision "...indicates an intention to commence the time period only after the (Federal Home Loan Bank) Board has received all relevant supporting information and reports, that is, the complete record."

The Board believes that since enactment of the 1970 amendments to the Bank Holding Company Act, it has acted upon all applications it has received within the relevant 91-day statutory provision as interpreted above.

It should be noted that, at a minimum, the complete record on a given application cannot be ready for submission to the Board prior to the expiration of any comment period. Normally, notice of an application is published in the Federal Register within five to seven days following acceptance of the application by a Reserve Bank. Generally 30 days are allowed for comment from interested persons, from the public, and from Federal and State supervisory authorities. Persons counseling prospective applicants should avoid any suggestion or assurance that the complete record will be before the Board for final action at any time before expiration of the time for submission of comment.

While the Act sets a time limit for deciding applications, the Board has established its own informal target to expedite the processing of applications. Where possible, the Board attempts to complete the processing of such applications within 90 days from the time the application is accepted by a Reserve Bank, whether or not additional information is needed by the staff or the Board. Additionally, the Board has delegated authority to the Reserve Banks to approve certain types of applications (formations of one-bank holding companies and de novo acquisitions of banks and closely related activities) in a further move to expedite the handling of applications.

During the first nine months of this year, the Federal Reserve completed action on 527 holding company and merger applications of all types, both at the Board and at the Reserve Banks. More than two-thirds of these cases were processed within 90 days from the time an application was accepted by a Reserve Bank. In half of these cases, the time was 75 days or less. Attached for your information are statistical tables showing the processing time for completed applications from January through September of this year.

The Board appreciates the importance of time in making business decisions and in corporate planning. To keep bank holding

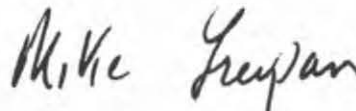
Mr. Donald L. Rogers

-3-

companies advised of the status of their applications, the Board's staff recently inaugurated a procedure in applications meeting delay whereby applicants are advised about 75 days after acceptance of the application of the existence of the delay and the reasons for it.

The Board will continue to seek improvements in its procedures to expedite applications to the maximum extent consistent with its responsibilities under the Act.

Very truly yours,

A handwritten signature in black ink that reads "Mike Greenspan". The signature is written in a cursive, slightly slanted style.

Michael A. Greenspan
Assistant Secretary of the Board

Enclosure

TABLE I
Processing Time for Completed Bank Holding Company and Merger Applications
 (Shown as cumulative percentages of cases completed)

July 1, 1972 through September 30, 1972

Processing (in calendar days)	Entries Into Approved Lines of Activities								Entries Into New Lines of Activity		Possible Divestiture
	De Novo* Entries				Acquisitions of Existing Firms						
	Bank		Non-bank		Bank		Non-bank		No.	%	
No.	%	No.	%	No.	%	No.	%	No.	%		
0 - 15 days											
Within 30 days											
Within 45 days	16	39	59	81							
Within 60 days			11	96	3	4					
Within 75 days	4	49	1	97	9	17	1	5			
Within 90 days	4	59	1	99	23	51	4	26			
Within 99 days	3	66			1	52					
Within 120 days	2	71			14	72	6	58	1	100	
Within 180 days	5	83			13	91	4	79			
Over 180 days	7	100	1	100	6	100	4	100			
Total Percentage		100		100		100		100		100	
Total Number of Cases	41		73		69		19		1		

* Includes Formations

Total Cases: 203

Processed at Board: 114

Processed at Federal Reserve Banks: 89

TABLE II

Processing Time for Completed Bank Holding Company and Merger Applications
(Shown as cumulative percentages of cases completed)

April 1 through June 30, 1972

Processing (in calendar days)	Entries Into Approved Lines of Activities								Entries Into New Lines of Activity		Possible Divestitures
	De Novo* Entries				Acquisitions of Existing Firms						
	Bank		Non-bank		Bank		Non-bank		No.	%	
	No.	%	No.	%	No.	%	No.	%	No.	%	
0 - 15 days			1	1							
Within 30 days											
Within 45 days	18	44	53	74							
Within 60 days	4	54	6	82	10	14					
Within 75 days	6	68	4	88	14	34					
Within 90 days	2	73	3	92	17	59	3	30			
Within 99 days					4	64					
Within 120 days	3	80	2	95	8	76					
Within 180 days	4	90	3	99	9	89	6	90	1	50	
Over 180 days	4	100	1	100	8	100	1	100	1	100	
Total Percentage		100		100		100		100		100	
Total Number of Cases	41		73		70		10		2		

* Includes Formations

Total Cases: 196

Processed at Board: 103

Processed at Federal Reserve Banks: 93

TABLE I-1

Processing Time for Completed Bank Holding Company and Merger Applications
(Shown as cumulative percentages of cases completed)

January 1 through March 31, 1972

Processing (in calendar days)	Entries into Approved Lines of Activities								Entries Into New Lines of Activity	Possible Divestitures
	De Novo* Entries				Acquisitions of Existing Firms					
	Bank		Non-bank		Bank		Non-bank			
No.	%	No.	%	No.	%	No.	%	No.	%	
0 - 15 days										
Within 30 days										
Within 45 days	7	20	24	92						
Within 60 days	1	23	1	96	2	4				
Within 75 days	3	31			9	21	1	9		
Within 90 days	9	57	1	100	21	62			3	60
Within 99 days	4	68			3	68	1	18	1	80
Within 120 days	2	74			5	78	4	55	1	100
Within 180 days	7	94			7	92	3	82		
Over 180 days	2	100			4	100	2	100		
Total Percentage		100		100		100		100		100
Total Number of Cases	35		26		51		11		5	

* Includes Formations

Total Cases: 128

Processed at Board: 96

Processed at Federal Reserve Banks: 32