

FEDERAL RESERVE BANK OF DALLAS

DALLAS, TEXAS 75222

Circular No. 74-98
April 12, 1974

PROPOSED AMENDMENT TO REGULATION Y
(Extension of Permissible Activities of
Bank Holding Companies to Dealing In
and Underwriting Certain United States
and State and Municipal Securities)

To All Banks, Bank Holding Companies and Others
Concerned in the Eleventh Federal Reserve District:

On April 2, 1974, the Board of Governors of the Federal Reserve System published for comment, notice of possible extension of permissible activities of bank holding companies to dealing in and underwriting certain United States and state and municipal securities.

The Board said it would consider whether to amend Regulation Y -- regulating bank holding companies -- to include this activity, together with an application from United Bancorp, of Roseburg, Oregon, to establish a subsidiary -- United Bancorp Municipals, Inc. -- to underwrite and deal in such securities.

The Board took no position on the activity at this time.

The Board invited comment as to whether such activity by bank holding companies would be so closely related to banking or managing banks as to be eligible under the Bank Holding Company Act as a "proper incident" to banking, and whether it would meet the Act's requirement that it would on balance be beneficial to the public.

Comment on the application of United Bancorp, and on the possible addition to activities permissible to bank holding companies, should be received in writing by the Secretary of the Board (Washington, D. C. 20551) not later than May 8, 1974.

The text of the Board's notice is printed on the following pages.

Very truly yours,

P. E. Coldwell

President

FEDERAL RESERVE SYSTEM

[12 CFR Part 225]

[Reg. Y]

Bank Holding Companies

Notice of Application to Engage in Underwriting and
Dealing in Certain Investment Securities and of Possible
Rule-making with Respect Thereto.

The Board of Governors has received the following application filed pursuant to § 4(c)(8) of the Bank Holding Company Act (12 U.S.C. 1843(c)(8)) and § 225.4(b)(2) of the Board's Regulation Y (12 CFR 225.4(b)(2)) for prior approval to engage in underwriting and dealing in obligations of the United States, general obligations of any State and of any political subdivision thereof, and others enumerated in section 24 (Paragraph Seventh) of Title 12 of the United States Code:

United Bancorp, Roseburg, Oregon, has applied to form de novo United Bancorp Municipals, Inc., Roseburg, Oregon.

The activity of underwriting and dealing in such obligations has not heretofore been found by the Board to be closely related to banking. Applicant states that the proposed activity is being, and has been traditionally, performed by banks, and is, in Applicant's opinion, closely related to banking. This notice is published pursuant to section 225.4(a) of Regulation Y.

In connection with its consideration of this application, the Board will also consider possible rule-making to add the proposed activity to the list of activities the Board has previously determined to be closely related to banking.

To implement the proposal, § 225.4(a) of Regulation Y would be amended by adding a subparagraph to read as follows:

§ 225.4 Nonbanking activities

(a) Activities closely related to banking or managing or controlling banks. *** The following activities have been determined by the Board to be so closely related to banking or managing or controlling banks as to be a proper incident thereto:

* * * * *

() underwriting and dealing in such obligations of the United States, general obligations of any State and of any political subdivision thereof, and other obligations that State member banks of the Federal Reserve System may from time to time be authorized to underwrite and deal in.

* * * * *

Interested persons are invited to comment in writing on the question of whether such underwriting and dealing are so closely related to banking or managing or controlling banks as to be a proper incident thereto.

Interested persons are also invited to comment in writing on the question of whether consummation of the subject proposal can "reasonably be expected to produce benefits to the public, such as greater convenience, increased competition, or gains in efficiency, that outweigh possible adverse effects, such as undue concentration of resources, decreased or unfair competition, conflicts of interests, or unsound banking practices."

Written comments as they are received will be made available for inspection and copying, except as provided in section 261.6(a) of the Board's Rules Regarding Availability of Information (12 CFR 261.6(a)), in Room 1118 of the Board's building, 20th Street and Constitution Avenue, N. W., Washington, D. C. The applications may be inspected and copied at the offices of the Board of Governors or at the Federal Reserve Bank of San Francisco.

Any comment on this proposal should be submitted in writing and should be received by the Secretary, Board of Governors of the Federal Reserve System, Washington, D. C. 20551, not later than May 8, 1974.

By order of the Board of Governors, April 2, 1974.

(Signed) Chester B. Feldberg

Chester B. Feldberg
Secretary of the Board

[SEAL]