

**FEDERAL RESERVE BANK OF DALLAS**

DALLAS, TEXAS 75222

Circular No. 77-56  
May 6, 1977

**REGULATION Y--BANK HOLDING COMPANIES**

**Deferral of Proposed Rulemaking Relating  
To Providing Management Consulting Advice**

**TO ALL MEMBER BANKS,  
BANK HOLDING COMPANIES,  
AND OTHERS CONCERNED IN THE  
ELEVENTH FEDERAL RESERVE DISTRICT:**

The Board of Governors of the Federal Reserve System issued the following statement on April 28, 1977:

The Board of Governors of the Federal Reserve System today announced that it is deferring action on the question whether bank holding companies should be allowed to supply management consulting advice to depository institutions other than commercial banks.

The Board deferred action in light of the withdrawal last month of an application from a bank holding company (Worcester Bancorp, Inc., Worcester, Mass.), to engage in the activity of supplying management consulting advice to nonaffiliated savings banks.

On the basis of the application, the Board on August 2, 1976, announced it would consider possible adoption of a rule to permit bank holding companies to provide management consulting advice to nonaffiliated savings banks and other nonaffiliated depository institutions.

The Board in 1974 permitted bank holding companies to provide certain kinds of management consulting advice to nonaffiliated commercial banks.

The Board's order deferring action on provision of management consulting advice to other types of depositories is printed on the following pages.

Sincerely yours,  
Robert H. Boykin  
First Vice President

FEDERAL RESERVE SYSTEM

[12 CFR Part 225]

[Reg. Y; Docket No. R-0051]

BANK HOLDING COMPANIES

Proposed Rulemaking Relating to Providing Management Consulting Advice

AGENCY: Board of Governors of the Federal Reserve System

ACTION: Deferral of rulemaking proposal.

SUMMARY: On August 2, 1976, the Board of Governors proposed an amendment to its Regulation Y in connection with an application by a bank holding company to engage in offering management consulting advice to nonaffiliated savings banks. The proposed amendment would add the activity of providing management consulting advice to nonaffiliated savings banks and to other nonaffiliated, depository-type financial institutions to the list of activities that the Board has previously determined to be permissible for bank holding companies. In light of the fact that the application to engage in the proposed new activity has been withdrawn, the Board is deferring action on the proposed amendment.

FOR FURTHER INFORMATION CONTACT: Robert E. Mannion, Assistant General Counsel, (202/452-3274) or Julius L. Loeser, Senior Attorney, (202/452-3236), Legal Division, Board of Governors of the Federal Reserve System, Washington, D.C. 20551.

SUPPLEMENTARY INFORMATION: The Board of Governors on August 2, 1976, proposed an amendment to its Regulation Y (12 CFR § 225) that would add the activities of providing management consulting advice to

nonaffiliated savings banks and possibly to other nonaffiliated, depository-type financial institutions to the list of activities that the Board has previously determined to be permissible for bank holding companies, as specified in § 225.4(a) of Regulation Y. Notice of the proposed amendment was published in the Federal Register on August 9, 1976 (41 Fed. Reg. 33306 (1976)). The amendments were proposed in connection with an application by Worcester Bancorp , Inc., Worcester, Massachusetts, pursuant to § 4(c)(8) of the Bank Holding Company Act (12 U.S.C. § 1843(c)(8)) and § 225.4 of the Board's Regulation Y (12 CFR 225.4), for prior approval to engage de novo in providing management consulting advice to nonaffiliated savings banks.

By letter of March 3, 1977, to the Federal Reserve Bank of Boston, Worcester Bancorp , Inc. has withdrawn its application to engage in providing management consulting advice to nonaffiliated savings banks. In accord with its general policy, the Board, in the absence of a specific bank holding company proposal, has determined to defer further consideration of the proposed activity, and hereby suspends the rulemaking proceeding initiated on August 2, 1976.

Board of Governors of the Federal Reserve System, effective April 27, 1977.

(Signed) Theodore E. Allison  

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Theodore E. Allison  
Secretary of the Board

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