

**FEDERAL RESERVE BANK OF DALLAS**

**DALLAS, TEXAS 75222**

**Circular No. 78-48**

**April 25, 1978**

**REGULATION Y--BANK HOLDING COMPANIES**

**Notice of Proposed Rulemaking Relating to the  
Establishment of New Foreign Offices by Nonbanking  
Subsidiaries of Domestic Bank Holding Companies**

**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 has issued for public comment a proposed amendment to its Regulation Y which would formalize procedures for the establishment of new foreign offices by nonbanking subsidiaries of domestic bank holding companies. The proposed procedures would require the bank holding company to inform the appropriate Reserve Bank of its intent to open such an office to engage in activities deemed permissible under Regulation Y, 45 days prior to such opening. The notification would include location of the office, a complete description of the activities to be engaged in, and the area to be served. The bank holding company would not be required to publish a notice of the proposed new office in a newspaper of general circulation as is required in the establishment of a domestic office.

Printed on the reverse of this circular is the text of the Board's proposal as submitted to the FEDERAL REGISTER. Any comments should be submitted in writing and received by the Secretary, Board of Governors of the Federal Reserve System, Washington, D.C. 20551, not later than May 23, 1978. All materials submitted should include the docket number R-0151.

**Sincerely yours,**

**Robert H. Boykin**

**First Vice President**

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[6210-01]

**FEDERAL RESERVE SYSTEM**

[12 CFR Part 225]

[Reg. Y; Docket No.: R-01511]

**BANK HOLDING COMPANIES**

**Nonbanking Activities**

**AGENCY:** Board of Governors of the Federal Reserve System.

**ACTION:** Proposed rules.

**SUMMARY:** In order to clarify its policy, the Board of Governors proposes to amend its Regulation Y to formalize procedures for the establishment of foreign offices of bank holding companies' domestic nonbanking subsidiaries.

**DATE:** Comments must be received on or before May 23, 1978.

**ADDRESS:** Secretary, Board of Governors of the Federal Reserve System, Washington, D.C. 20551. All material submitted should include the docket number R-01511.

**FOR FURTHER INFORMATION CONTACT:**

Robert E. Mannion, Associate General Counsel, 202-452-3274; or C. Keefe Hurley, Jr., Senior Attorney, Legal Division, Board of Governors of the Federal Reserve System, Washington, D.C. 20551, 202-452-3269.

**SUPPLEMENTARY INFORMATION:** The proposed rule sets forth procedures to be followed by bank holding companies in establishing a foreign de novo office to engage in activities permissible for bank holding companies. According to the proposed rule, bank holding companies seeking to establish such an office need not publish notice of the proposed office in the country where the office is to be located. Notification must, however, be given to the appropriate Reserve Bank 45 days prior to the opening of such office. Such notification shall include the lo-

cation of the proposed office and a complete description of the activities to be engaged in by the office as well as the areas to be served. As with the other foreign operations of United States banking organizations, bank holding companies that establish foreign nonbanking offices pursuant to these procedures will be expected to comply with the Board's Statement of Policy on Availability of Information to Facilitate Supervision of Foreign Operations of Member Banks, 12 CFR 211.110 and 213.104. Bank holding companies that wish to acquire shares of foreign companies must still do so under § 4(c)(13) of the Bank Holding Company Act, 12 U.S.C. 1843(c)(13), and § 225.4(f) of the Board's Regulation Y, 12 CFR 225.4(f). This action is taken pursuant to the Board's authority under sections 4(c)(8) and 5(b) of the Bank Holding Company Act, 12 U.S.C. 1843(c)(8) and 1844(b).

It is proposed that 12 CFR Chapter II be amended as follows:

**PART 225—BANK HOLDING COMPANIES**

1. By substituting a colon for the period at the end of the first sentence of § 225.4(b)(1) and adding a proviso thereafter so that § 225.4(b)(1) reads as follows:

**225.4 Nonbanking activities**

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(b) (1) *De novo* entry \* \* \*

*provided, however,* That in the case of a *de novo* office to be located outside the United States, in lieu of published notice, the company shall notify its Reserve Bank of the proposal, including in such notification the location of the office and a complete description of the activities to be engaged in and the area to be served.

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Board of Governors of the Federal Reserve System, April 7, 1978.

THEODORE E. ALLISON,  
*Secretary of the Board.*

[FR Doc. 78-10320 Filed 4-14-78; 8:45 am]