

FEDERAL RESERVE BANK OF DALLAS

DALLAS, TEXAS 75222

Circular No. 81-60  
March 30, 1981

REQUEST FOR PUBLIC COMMENT

Acquisition of Thrift Institutions by  
Banks and Bank Holding Companies

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

The Board of Governors of the Federal Reserve System is requesting comment on the potential effects of the acquisition of thrift institutions by banks and bank holding companies. The comments are being solicited to assist the Board in completing a study for Congress on this issue. A copy of the Board's notice as published in the Federal Register is enclosed.

Comments should be submitted in writing to the Secretary, Board of Governors of the Federal Reserve System, Washington, D. C. 20551. All submissions should be received no later than April 30, 1981.

Any inquiries concerning the information contained in this circular should be addressed to the Attorney's Section of our Holding Company Supervision Department, Ext. 6183.

Sincerely yours,

William H. Wallace

First Vice President

Enclosure

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Banks and others are encouraged to use the following incoming WATS numbers in contacting this Bank: 1-800-442-7140 (intrastate) and 1-800-527-9200 (interstate). For calls placed locally, please use 651 plus the extension referred to above.

potential effects of the acquisition of thrift institutions by banks and bank holding companies. The Board is soliciting comment from the public on this issue to assist the Board in completing its study.

**DATE:** Comments must be received by April 30, 1981.

**ADDRESS:** Secretary, Board of Governors of the Federal Reserve System, Washington, D.C. 20551

**FOR FURTHER INFORMATION CONTACT:**

Michael E. Bleier, Assistant General Counsel (202-452-3721), Carl V. Howard, Senior Attorney (202-452-3786), Legal Division; or Joe M. Cleaver, Assistant Director (202-452-3905), Division of Research and Statistics, Board of Governors of the Federal Reserve System, Washington, D.C. 20551.

Section 4(c)(8) of the Bank Holding Company Act, 12 U.S.C. 1843(c)(8), provides that bank holding companies may acquire

\* \* \* [S]hares of any company the activities of which the Board after due notice and opportunity for hearing has determined (by order or regulation) to be so closely related to banking or managing or controlling banks as to be a proper incident thereto. In determining whether a particular activity is a proper incident to banking or managing or controlling banks the Board shall consider whether its performance by an affiliate of a holding company 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.

The Board has previously found the operation of a savings and loan association to be "closely related" to banking, but has not determined this activity to be a "proper incident" to banking.<sup>1</sup> Accordingly, interested persons are invited to express their views on the "proper incident" question. The Board's study of the affiliation of banks and bank holding companies and thrift institutions is not limited to this issue, however, and interested persons are also invited to express their views on any potential effects of such affiliation.

The Board has advised the Senate Committee that the Board intends to complete this study by the early summer

<sup>1</sup> *D. H. Baldwin Company*, 63 Federal Reserve Bulletin 280 (1977). The Board recently received an application from National Detroit Corporation, Detroit, Michigan, to acquire Landmark Savings and Loan Association, Saginaw, Michigan. The Board has dismissed the application without prejudice to its resubmission following completion of the study.

of 1981. Accordingly, persons wishing to comment on the issues described above should submit their views in writing to the Secretary, Board of Governors of the Federal Reserve System, Washington, D.C. 20551, to be received by April 30, 1981.

Board of Governors of the Federal Reserve System, March 16, 1981.

James McAfee,  
*Assistant Secretary of the Board.*

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**Notice Requesting Comment on the Acquisition of Thrift Institutions by Banks and Bank Holding Companies**

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

**ACTION:** Request for comment.

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**SUMMARY:** Congress has asked the Board to undertake a study of the