



FEDERAL RESERVE BANK  
OF DALLAS

WILLIAM H. WALLACE  
FIRST VICE PRESIDENT  
AND CHIEF OPERATING OFFICER

July 16, 1990

DALLAS, TEXAS 75222

Circular 90-46

**TO:** The Chief Executive Officer of each  
member bank and others concerned in  
the Eleventh Federal Reserve District

**SUBJECT**

**Regulation Y (Bank Holding Companies)**

**DETAILS**

The Federal Reserve Board has requested public comment on two proposals concerning bank holding companies. The Board proposes to amend its Regulation Y to reduce the filing requirements under the Change in Bank Control (CIBC) Act. In addition, the Board proposes to modify several conditions in its Orders authorizing limited underwriting and dealing in securities by bank holding company subsidiaries.

The proposed amendment to Regulation Y would remove the current regulatory requirement that a person who has already received regulatory clearance to acquire 10 percent or more of the shares of a state member bank or bank holding company must file additional notices for subsequent acquisitions resulting in ownership of 10 percent to 25 percent of the shares of the financial institution. Should the financial and managerial resources or other circumstances indicate that monitoring of additional acquisitions in a specific case is appropriate, the Board and Reserve Banks would retain authority to notify a bank, a bank holding company, or an acquiring shareholder that a notice under the CIBC Act would be required. The Board believes that the proposed amendment to Regulation Y would significantly reduce the regulatory burden under the CIBC Act without impairing the Board's ability to evaluate acquisitions properly under the statutory factors set forth under the CIBC Act. The Board seeks public comment regarding the appropriateness of this proposal in light of the Board's responsibilities under the CIBC Act.

In connection with its review of its Orders authorizing limited underwriting and dealing in securities by bank holding company subsidiaries, the Board is requesting comments on the conditions prohibiting management interlocks between a securities underwriting subsidiary and any affiliated depository institution. Also under Board review are the restrictions on a bank or thrift acting as agent for, or engaging in marketing activities on behalf of, an affiliated securities underwriting subsidiary. The Board is

also requesting comment on whether to expand an exception to the prohibition on the purchase and sale of assets between a securities company and its affiliated depository institutions. The exception, currently allowing the purchase and sale of U.S. Treasury securities, would be expanded to allow the purchase and sale of U.S. government agency securities.

Comments on the Board's proposals must be received by the Board by August 8, 1990.

#### **MORE INFORMATION**

For more information or a copy of the Board's notice, please contact Dean Pankonien at (214) 651-6228. For additional copies of this circular, please contact the Public Affairs Department at (214) 651-6289.

Sincerely yours,

A handwritten signature in cursive script, reading "William A. Wallace".