



FEDERAL RESERVE BANK  
OF DALLAS

ROBERT D. McTEER, JR.  
PRESIDENT  
AND CHIEF EXECUTIVE OFFICER

April 30, 1992

DALLAS, TEXAS 75222

Notice 92-37

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

**SUBJECT**

**Interim Rule and Request for Comments on Amendments to Regulation Y (Bank Holding Companies and Change in Bank Control)**

**DETAILS**

The Federal Reserve Board has issued an interim rule to carry out provisions of the Federal Deposit Insurance Corporation Improvement Act of 1991 that affect bank holding companies and foreign banking organizations with operations in the United States.

The interim rule amends Regulation Y and is effective immediately. The interim rule will be reviewed by the Board at a later date after the receipt of public comment. The interim rule specifies additional factors that the Federal Reserve must consider in acting on applications submitted under the Banking Holding Company Act to acquire a bank.

The Board must receive comments by June 15, 1992. Comments should be addressed to William W. Wiles, Secretary, Board of Governors of the Federal Reserve System, 20th Street and Constitution Avenue, N.W., Washington, D.C. 20551. All comments should refer to Docket No. R-0755.

**ATTACHMENT**

A copy of the Board's notice as it appears on pages 13002-03, Vol. 57, No. 73, of the Federal Register dated April 15, 1992, is attached.

**MORE INFORMATION**

For more information, please contact Michael Johnson at (214) 744-7306. For additional copies of this Bank's notice, please contact the Public Affairs Department at (214) 651-6289.

Sincerely yours,

*Robert D. McTeer, Jr.*

**12 CFR Part 225****[Docket No. R-0755]****Regulation Y—Review Criteria for Bank Holding Company Applications****AGENCY:** Board of Governors of the Federal Reserve System.**ACTION:** Interim rule with request for comments.

**SUMMARY:** The Board is publishing for comment an amendment to its Regulation Y, which governs bank holding companies and foreign banking organizations with operations in the United States, to implement certain regulatory improvements contained in the Federal Deposit Insurance Corporation Improvement Act of 1991. The proposed amendment specifies additional factors that the Federal Reserve System must consider in acting on applications submitted under the Bank Holding Company Act to acquire a bank. The intended effect of the amendment is to conform the Board's Regulations to the statutory changes.

**DATES:** *Effective Date.* This interim rule is effective April 15, 1992. *Comment Date.* Comments should be received on or before June 15, 1992.

**ADDRESSES:** Comments, which should refer to Docket No. R-0755, may be mailed to the Board of Governors of the Federal Reserve System, 20th Street and Constitution Avenue, NW., Washington, DC 20551, to the attention of Mr. William W. Wiles, Secretary. Comments addressed to the attention of Mr. Wiles may be delivered to the Board's mail room between 8:45 a.m. and 5:15 p.m., and to the security control room outside of those hours. Both the mail room and the security control room are accessible from the courtyard entrance on 20th Street between Constitution Avenue and C Street, NW. Comments may be inspected in room B-1122 between 9 a.m. and 5 p.m., except as provided in § 261.8 of the Board's Rules Regarding the Availability of Information, 12 CFR 261.8.

**FOR FURTHER INFORMATION CONTACT:**

Scott G. Alvarez, Associate General Counsel (202-452-3583), or Brian E.J. Lam, Attorney (202-452-2067), Legal Division; or Sidney M. Sussan, Assistant Director (202-452-2638), Division of Banking Supervision and Regulation. For the hearing impaired *only*, Telecommunications Device for the Deaf, Dorothea Thompson (202-452-3544).

**SUPPLEMENTARY INFORMATION:** The Board is implementing an interim rule and requesting public comment on revisions to its Regulation Y concerning

the factors the Board must consider in reviewing and acting on applications by bank holding companies to acquire banks under section 3 of the Bank Holding Company Act. The changes are required by amendments made to the Bank Holding Company Act ("BHC Act") by the Federal Deposit Insurance Corporation Improvement Act of 1991 ("FDICI Act"), and conform the criteria set forth in the Board's regulations for evaluating such bank applications to the statutory requirements set forth in these amendments. Sections 202(d) and 210 of the FDICI Act, Pub. L. 102-242, 105 Stat. 2237, 2290, 2298.

The amendments enacted by the FDICI Act require the Board to disapprove any application under section 3 of the BHC Act if:

(A) The company fails to provide the Board with adequate assurances that the company will make available to the Board such information on the operations or activities of the company, and any affiliate of the company, as the Board determines to be appropriate to determine and enforce compliance with this Act; or

(B) In the case of an application involving a foreign bank, the foreign bank is not subject to comprehensive supervision or regulation on a consolidated basis by the appropriate authorities in the bank's home country. Section 202(d) of the FDICI Act, Pub. L. 102-242, 105 Stat. 2237, 2290.

These amendments also provide that the Board's consideration of the managerial resources of a company or bank "shall include consideration of the competence, experience, and integrity of the officers, directors, and principal shareholders of the company or bank." Section 210 of the FDICI Act, Pub. L. 102-242, 105 Stat. 2237, 2298.

To implement these statutory provisions, the Board proposes to amend the list of factors contained in Regulation Y that the Board considers in reviewing bank acquisition proposals.

**List of Subjects in 12 CFR Part 225**

Administrative practice and procedure, Banks, banking, Federal Reserve System, Holding companies, Reporting and recordkeeping requirements, Securities.

For the reasons set forth in the preamble, and pursuant to the Board's authority under section 5(b) of the Bank Holding Company Act of 1956, 12 U.S.C. 1844(b), the Board is amending 12 CFR part 225 to read as follows:

**PART 225—BANK HOLDING COMPANIES AND CHANGE IN BANK CONTROL**

1. The authority for part 225 continues to read as follows:

Authority: 12 U.S.C. 1817(j)(13), 1818i, 1831(i), 1843(c)(8), 1844(b), 3106, 3108, 3907, 3909, 3310, and 3331-3351.

2. Section 225.13 is amended by revising the introductory text to paragraph (a) and paragraph (b)(2), and by adding paragraphs (b)(4) and (b)(5), to read as follows:

**§ 225.13 Factors considered in acting on bank applications.**

(a) *Prohibited anticompetitive transactions.* As specified in section 3(c) of the BHC Act, the Board may not approve any application under this subpart if:

\* \* \* \* \*

(b) \* \* \*

(2) *Managerial Resources.* The competence, experience, and integrity of the officers, directors, and principal shareholders of the applicant, and of the banks and bank holding companies concerned; their record of compliance with laws and regulations; and the record of the applicant and its affiliates of fulfilling any commitments to, and any conditions imposed by, the Board in connection with prior applications.

\* \* \* \* \*

(4) *Availability of appropriate information.* Whether the applicant has provided the Board with adequate assurances that it will make available such information on its operations or activities, and the operations or activities of any affiliate of the applicant, that the Board deems appropriate to determine and enforce compliance with the BHC Act and other applicable federal banking statutes, and any regulations thereunder.

(5) *Comprehensive supervision of foreign banks.* Whether, in the case of an application involving a foreign bank, the foreign bank is subject to comprehensive supervision or regulation on a consolidated basis by the appropriate authorities in its home country, as provided in § 211.25(c)(1) of the Board's Regulation K (12 CFR 211.25(c)(1)).

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By order of the Board of Governors of the Federal Reserve System, April 9, 1992.

William W. Wiles,  
*Secretary of the Board.*

[FR Doc. 92-8660 Filed 4-14-92; 8:45 am]

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