



FEDERAL RESERVE BANK  
OF DALLAS

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

September 25, 1992

DALLAS, TEXAS 75222

Notice 92-89

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

**SUBJECT**

Amendment to Regulation Y  
(Bank Holding Companies and Change in Bank Control)

**DETAILS**

The Federal Reserve Board announced that it has issued a rule to reduce from twice to once the newspaper publication requirements for applications involving membership in the Federal Reserve System, establishment of branches of state member banks, bank mergers, bank holding company formations, and the acquisition of a bank by a bank holding company. The rule is intended to reduce unnecessary regulatory burden by eliminating the need for multiple newspaper publications without significantly reducing the effectiveness of the notice given to the public.

The rule is effective October 13, 1992.

**ATTACHMENT**

A copy of the Board's notice as it appears on pages 41641-43, Vol. 57, No. 177, of the Federal Register dated September 11, 1992, is attached.

**MORE INFORMATION**

For more information, please contact Michael Johnson at (214) 922-6081. For additional copies of this Bank's notice, please contact the Public Affairs Department at (214) 922-5254.

Sincerely yours,

*Robert D. McTeer, Jr.*

# Rules and Regulations

Federal Register

Vol. 57, No. 177

Friday, September 11, 1992

## FEDERAL RESERVE SYSTEM

### 12 CFR Parts 225 and 262

[Regulation Y; Docket No. R-0760]

#### Bank Holding Companies and Change in Bank Control; Rules of Procedure

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

**ACTION:** Final rule.

**SUMMARY:** The Board has revised the provisions of its Rules of Procedure (Rules) and the Board's Regulation Y, Bank Holding Companies and Change in Bank Control. Section 262.3(b) of the Rules requires applicants to publish two newspaper notices of applications filed with the Federal Reserve under section 9 of the Federal Reserve Act (for membership or to establish branches), the Bank Merger Act (if a state member bank is involved), and the Bank Holding Company Act (BHC Act) (to form a bank holding company or for a bank holding company to acquire a bank). These revisions would reduce from twice to once the number of times notice of an application must be published in a newspaper. The amendments would have no effect on public comment periods, which currently start when the first notice is published. Alternative sources of notice will continue to be available, such as the weekly list of pending applications prepared by the Board and the Reserve Banks and, in the case of BHC Act applications, notices published in the *Federal Register*.

**EFFECTIVE DATE:** October 13, 1992.

**FOR FURTHER INFORMATION CONTACT:**

Scott G. Alvarez, Associate General Counsel (202/452-3583), Oliver I. Ireland, Associate General Counsel (202/452-3625), or Deborah M. Awai, Attorney (202/452-3594), Legal Division; Sidney M. Sussan, Assistant Director (202/452-2638), or Gary P. Knobloch, Senior Financial Analyst (202/452-3270).

Division of Banking Supervision and Regulation, Board of Governors of the Federal Reserve System. For the hearing impaired *only*, Telecommunication Device for the Deaf (TDD), Dorothea Thompson (202/452-3544); Board of Governors of the Federal Reserve System, 20th and C Streets, NW., Washington, DC 20551.

**SUPPLEMENTARY INFORMATION:** The Administrative Procedure Act (5 U.S.C. 552(a)(1)) requires each agency to publish in the *Federal Register* statements that include requirements of all formal and informal procedures available and its rules of procedure. In order to fulfill this requirement, the Board has adopted Rules of Procedure (12 CFR part 262).

Currently, § 262.3(b)(1) of these Rules requires an applicant to publish notice of the following types of applications "on the same day of each of two consecutive weeks" in a newspaper of general circulation:

- (i) Application by a state bank for membership in the Federal Reserve System;
- (ii) Application by a State member bank to establish a domestic branch;
- (iii) Application by a State member bank for the relocation of a domestic branch office;
- (iv) Application by a bank for merger, consolidation, or acquisition of assets or assumption of liabilities, if the acquiring, assuming, or resulting bank is to be a State member bank;
- (v) Application by a company to become a bank holding company; and
- (vi) Application by a bank holding company to acquire ownership or control of shares or assets of a bank, or to merge or consolidate with any other bank holding company.

In July of this year, the Board invited public comment on a proposal to amend § 262.3(b)(1) of its Rules and a related policy statement regarding notice of applications (12 CFR 262.25) to reduce the newspaper publication requirement from twice to once. These revisions would reduce one regulatory burden associated with the filing of applications by reducing the newspaper publication costs and paperwork burden associated with applications that are subject to the publication requirement. The Board also proposed parallel amendments to § 225.14(b) of its Regulation Y (12 CFR part 225) to conform this provision with the revised notice requirements.

The Board sought comment on whether the action would have a serious adverse effect on actual notice of applications and on the opportunity for public comment. The Board also requested comment on the benefits that reducing the publication burden would have compared to the reduction in required newspaper notice. The Board received 17 public comments regarding this proposal. All except two of the commenters support the Board's proposal to reduce the number of newspaper publications. Twelve of the commenters, all bank holding companies, believe that the proposal would reduce the costs and paperwork burden associated with applications that are subject to the newspaper publication requirement.<sup>1</sup> These commenters also believe that the reduction of the newspaper publication requirement would not interfere with the public's ability to submit timely comments with respect to a proposed application since alternative sources of notice such as the *Federal Register* and lists of pending applications prepared by the Board and the Reserve Banks are available.

Two commenters opposed the proposal. Both commenters believe that the proposed reduction in the newspaper publication requirement would decrease the likelihood that the newspaper notice will reach the public making it more difficult for community groups to file comments, and would provide little cost savings to applicants. These commenters noted that because of cost constraints, very few community groups subscribe to the *Federal Register*. The commenters also indicate that the additional newspaper publication requirement would counteract any inaccuracies or omissions that may be contained in the Federal Reserve publications.

Newspaper notice is statutorily required for applications filed pursuant to the Bank Merger Act. For applications filed pursuant to section 9 of the Federal Reserve Act (to establish branch offices or for membership in the Federal Reserve System) or section 3 of the BHC Act (to form a bank holding company or for a bank holding company to acquire a bank), for which no statutory notice is required, newspaper notice has been provided as a matter of policy in order

<sup>1</sup> Three Reserve Banks and one trade association also commented in favor of the proposal.

to permit commenters an opportunity to provide the Board with additional information useful to the Board's evaluation of a pending proposal.<sup>2</sup>

Publication in the **Federal Register** has been the primary means of notice used by the Board to inform the public of pending proposals. The Board believes that a reduction from two to one of the newspaper notice requirement would reduce burden on applicants without significantly reducing the effectiveness of the notice given to the public. In addition to the remaining notice of publication in the newspaper, the public would continue to be made aware of pending applications through various other sources, including public announcement by the applicant (often well in advance of the actual regulatory filing) and weekly publications by both the Board and each Reserve Bank which list, at a minimum, the applications received involving banking organizations in the respective jurisdictions. The Board believes that the retention of at least one newspaper publication requirement is an effective way to notify those members of the general public that may wish to comment on a proposed transaction, and for commenters who may not have access to the **Federal Register** or the weekly publications by both the Board and the Reserve Banks which list pending applications.

The final rule would not reduce the amount of time that interested persons would have to provide comments to the Board. That period would continue to be 30 days in general. In addition, the final rule would retain the requirement that newspaper notice must appear no more than ninety calendar days prior to acceptance of an application. This requirement helps to assure that the notice is timely.

Following review of the comments, the Board believes that the elimination of one newspaper publication requirement would not unduly interfere with the ability of the public to submit comments with respect to a proposed application. At the same time, the reduction in a newspaper publication notice would reduce the costs and

<sup>2</sup> This proposal would reduce the number of times newspaper notice must be published for acquisitions of savings associations to coincide with the publication requirements for acquisitions of banks. Generally, the Board has not required newspaper publication for other proposals to acquire nonbanking interests or engage in nonbanking activities pursuant to section 4 of the BHC Act. As a matter of policy, the Board has required bank holding companies to publish notice in appropriate newspapers of any proposals to acquire savings associations pursuant to 12 CFR 225.25(b)(9).

paperwork burden to applicants associated with filing such applications.

**Regulatory Flexibility Act Analysis**

Pursuant to section 605(b) of the Regulatory Flexibility Act (Pub. L. 96-354, 5 U.S.C. 601 *et seq.*), the Board does not believe that the proposed amendments would have a significant adverse economic impact on a substantial number of small entities. The proposed amendments would reduce certain regulatory burdens for affected depository institutions, reduce certain burdens for small depository institutions, and have no particular adverse effect on other small entities.

**Paperwork Reduction Act**

The Board, acting pursuant to authority delegated to it by the Director of the Office of Management and Budget under 44 U.S.C. 3507(e), has approved the collection of information called for by part 225 of the Board's Rules.

**List of Subjects**

*12 CFR Part 225*

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

*12 CFR Part 262*

Administrative practice and procedure, Federal Reserve System.

For the reasons set forth in the preamble, the Board amends title 12 of the Code of Federal Regulations, parts 225 and 262, as follows:

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

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

**Authority:** 12 U.S.C. 1817(j)(13), 1818, 1831(i), 1843(c)(8), 1844(b), 3106, 3108, 3907, 3909, 3310, and 3331-3351, and sec. 306 of the Federal Deposit Insurance Corporation Improvement Act of 1991 (Pub. L. 102-242, 105 Stat. 2236 (1991)).

**Subpart B—Acquisition of Bank Securities or Assets**

2. Section 225.14 is amended by adding a new paragraph (b)(3) to read as follows:

**§ 225.14 Procedures for applications, notices, and hearings.**

\* \* \* \* \*

(b) \* \* \*  
(3) *Newspaper notice.* The applicant shall cause to be published in a

newspaper of general circulation in the affected community, in the form prescribed by the Board in 12 CFR 262.3(b), at least one notice soliciting public comment on the proposed acquisition.

\* \* \* \* \*

**PART 262—RULES OF PROCEDURE**

1. The authority citation for part 262 continues to read as follows:

**Authority:** 5 U.S.C. 552.

2. Section 262.3 is amended by redesignating paragraphs (b)(1) introductory text, (b)(1)(i) through (vi), and the flush text beginning "the applicant" and ending with "the Board" as paragraphs (b)(1)(i) introductory text, (b)(1)(i)(A) through (F), and (b)(1)(i) concluding text, respectively; by removing the words "on the same day of each of two consecutive weeks" from the newly designated paragraph (b)(1)(i) concluding text; by designating the text, following newly designated paragraph (b)(1)(i) concluding text, which begins with the words "The notice shall be placed in the classified" as paragraph (b)(1)(ii); and by revising the first, second and third sentences of newly designated paragraph (b)(1)(ii) to read as follows:

**§ 262.3 Applications.**

\* \* \* \* \*

(b) \* \* \* (1)(i) \* \* \*

\* \* \* \* \*

(ii) The notice shall be placed in the classified advertising legal notices section of the newspaper, and must provide an opportunity for the public to give written comment on the application to the appropriate Federal Reserve Bank for at least thirty days after the date of publication. Within 7 days of publication, the applicant shall submit its application to the appropriate Reserve Bank for acceptance along with a copy of the notice. If the Reserve Bank has not accepted the application as complete within ninety days of the date of publication of the notice, the applicant may be required to republish notice of the application. \* \* \*

\* \* \* \* \*

**§ 262.3 [Amended]**

3. In § 262.3, paragraph (b)(2) is amended by removing the word "first" in the second sentence.

**§ 262.25 [Amended]**

4. In § 262.25, paragraph (a)(1) is amended by removing the word "first" in the first sentence.

By order of the Board of Governors of the  
Federal Reserve System, September 4, 1992.

William W. Wiles,

*Secretary of the Board.*

[FR Doc. 92-21880 Filed 9-10-92; 8:45 am]

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