



FEDERAL RESERVE BANK  
OF DALLAS

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

DALLAS, TEXAS

April 23, 1993

Notice 93-47

**TO:** The Chief Executive Officer of  
each financial institution in the  
Eleventh Federal Reserve District

**SUBJECT**

**Amendments to Regulation O  
(Loans to Executive Officers, Directors,  
and Principal Shareholders of Member Banks)**

**DETAILS**

The Board of Governors of the Federal Reserve System has published amendments in slip-sheet form to Regulation O, effective February 1993. The new slip sheet should be inserted in your Regulations binder.

**ENCLOSURE**

The new slip sheet is enclosed.

**MORE INFORMATION**

For more information, please contact Jane Anne Schmoker at (214) 922-5104. For additional copies of this Bank's notice and the slip sheet, please contact the Public Affairs Department at (214) 922-5254.

Sincerely yours,

*Robert D. McTeer, Jr.*

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For additional copies, bankers and others are encouraged to use one of the following toll-free numbers in contacting the Federal Reserve Bank of Dallas: Dallas Office (800) 333-4460; El Paso Branch *Intrastate* (800) 592-1631, *Interstate* (800) 351-1012; Houston Branch *Intrastate* (800) 392-4162, *Interstate* (800) 221-0363; San Antonio Branch *Intrastate* (800) 292-5810.

# Amendments to Regulation O Loans to Executive Officers, Directors, and Principal Shareholders of Member Banks February 1993\*

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1. *Effective December 17, 1992, section 215.2 (1) is amended to read as follows:*

(1)(1) *Principal shareholder* means a person (other than an insured bank) that directly or indirectly, or acting through or in concert with one or more persons, owns, controls, or has the power to vote more than 10 percent of any class of voting securities of a member bank or company. Shares owned or controlled by a member of an individual's immediate family are considered to be held by the individual.

(2) A principal shareholder of a member bank includes—

- (i) a principal shareholder of a company of which the member bank is a subsidiary, and
- (ii) a principal shareholder of any other subsidiary of that company.

(3) A principal shareholder of a member bank does not include a company of which a member bank is a subsidiary.

officers, directors, principal shareholders, or employees of the bank;

(B) does not involve more than the normal risk of repayment or present other unfavorable features; and

(C) the bank follows credit underwriting procedures that are not less stringent than those applicable to comparable transactions by the bank with persons who are not executive officers, directors, principal shareholders, or employees of the bank.

2. *Section 22(h)(2) of the Federal Reserve Act is corrected to read as follows:*

(2) A member bank may extend credit to its executive officers, directors, or principal shareholders, or to any related interest of such a person, only if the extension of credit—

(A) is made on substantially the same terms, including interest rates and collateral, as those prevailing at the time for comparable transactions by the bank with persons who are not executive

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\*A complete Regulation O, as amended effective December 17, 1993, consists of—

- the regulation pamphlet dated July 1992 (see inside cover) and
- this slip sheet.