FEDERAL RESERVE BANK
OF NEW YORK

[Circular No. 6528
April 22, 1970]

Change in Board of Governors' Procedures on Bank Mergers and Holding Company Applications

To All Banks in the Second Federal Reserve District:

Following is the text of a statement issued today by the Board of Governors of the Federal Reserve System:

In a move to expedite action, the Board of Governors of the Federal Reserve System has revised its procedures for announcing decisions on bank merger and holding company applications.

The Board's rules of procedure had specified that a statement of the reasons for an action should accompany each order of approval or denial in a bank merger or holding company application. The Board has now amended its rules to provide for the issuing of such statements where appropriate. An order will continue to be issued in all cases.

Under the new procedure, statements will be issued whenever an application is denied, and in cases involving the formation of new bank holding companies, whether approved or denied. Statements generally will be omitted in any case in which (1) the application is approved without dissent, (2) no hearing or oral presentation has been held, (3) the competitive effect is no more than slightly adverse in the view of the Board and of Federal agencies submitting advisory reports to the Board, (4) there is no unusual feature that might set a precedent for future cases, and (5) there are no other unusual circumstances.

In cases where no statements are issued, the Board's orders will be expanded to include the legal factors considered, an indication of the size of the institutions involved, and a brief summary of the reasons for the Board's approval.

The number of applications coming before the Board has increased sharply in recent years. The Board during 1969 issued 91 orders and statements on applications filed under the Bank Holding Company Act, compared with 17 during 1965 and 44 during 1968. During the first three months of this year, the Board issued 44 such orders and statements. On bank merger applications, the Board issued 23 orders and statements during 1969 and 11 during the first three months of this year.

Additional copies of this circular will be furnished upon request.

ALFRED HAYES,
President.