

**FEDERAL RESERVE BANK
OF NEW YORK**

[Circular No. 7358]
March 18, 1974]

BANK HOLDING COMPANIES

—Approval of Certain Applications to Retain Bank Stock

—Technical Correction of Interpretation on Management Consulting Services

*To All Bank Holding Companies, and Others Concerned,
in the Second Federal Reserve District:*

Enclosed are copies of amendments to Regulation Y, "Bank Holding Companies," and to the Rules Regarding Delegation of Authority, of the Board of Governors of the Federal Reserve System. The amendments delegate to the Federal Reserve Banks authority to approve applications by bank holding companies for the *retention* of bank stock acquired in a fiduciary capacity where the applicant undertakes unconditionally to dispose of such shares, or the sole discretionary authority to vote such shares, within a two-year period. Such an application shall be deemed to be approved 45 days after the applicant has been notified of its acceptance by the Reserve Bank.

In addition, the section number—225.130—assigned to a recent interpretation of Regulation Y, on management consulting services, is incorrect; a copy of that interpretation was sent to you with our Circular No. 7352, dated March 1, 1974. The correct section number of that interpretation is 225.131.

ALFRED HAYES,
President.

Board of Governors of the Federal Reserve System

BANK HOLDING COMPANIES

AMENDMENT TO REGULATION Y

Effective with respect to applications received by the Reserve Banks on and after March 19, 1974 and with respect to applications pending before the Board on March 14, 1974, section 225.3 is amended by adding a new paragraph (c) thereto, to read as follows:

SECTION 225.3—ACQUISITION OR RETENTION OF BANK SHARES OR ASSETS

* * *

(c) **Applications to retain shares acquired in a fiduciary capacity.** Applications under this subsection are processed on the basis of a letter of notification without compliance with section 262.3(h) of the Board's Rules of Procedure. Any application for the Board's approval to retain shares of bank stock acquired in a fiduciary capacity (with sole voting rights), which is accompanied by an unconditional undertaking by the Applicant to dispose of such shares or its sole discretionary voting rights with respect to such shares within two years from the date of such acquisition, shall be deemed to be approved 45 days after the Applicant has been informed by the Reserve Bank that said application has been accepted, unless the Applicant is notified to the contrary within that time or is granted approval at an earlier date.

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