

**FEDERAL RESERVE BANK
OF NEW YORK**

[Circular No. 9327
July 22, 1982]

BANK HOLDING COMPANIES

Futures Commission Merchant Activities — Withdrawal of Proposal

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

The following statement was issued by the Board of Governors of the Federal Reserve System announcing its decision *not* to include futures commission merchant activities on the list of generally permissible bank holding company nonbanking activities:

The Federal Reserve Board has announced that it will consider on a case-by-case basis applications of bank holding companies to engage in the activity of operating as a futures commission merchant.

In connection with an application from J.P. Morgan & Company Inc. to engage in this activity, approved by the Board July 1, the Board had requested comment on the question whether Regulation Y should be amended to add futures commission merchant to the list of activities permissible for bank holding companies. The Board announced that it would not do so at this time.

Printed on the reverse side is the text of the Board's Order in this matter. Questions thereon may be directed to our Domestic Banking Applications Department (Tel. No. 212-791-5861).

ANTHONY M. SOLOMON,
President.

(OVER)

FEDERAL RESERVE SYSTEM

Regulation Y

[12 CFR Part 225]

[Docket No. R-0375]

BANK HOLDING COMPANIES AND CHANGE IN BANK CONTROL

Futures Commission Merchant Activities

AGENCY: Board of Governors of the Federal Reserve System.

ACTION: Withdrawal of Proposal.

SUMMARY: The Board of Governors of the Federal Reserve System has decided not to amend Regulation Y so as to include certain futures commission merchant activities on the list of permissible bank holding company activities.

EFFECTIVE DATE: July 9, 1982.

FOR FURTHER INFORMATION CONTACT: Paul R. Schweitzer, Director, Nonbank Activities, (202/452-2918), Division of Research and Statistics; Sidney M. Sussan, Assistant Director, (202/452-2818), Division of Banking Supervision and Regulation; Carl V. Howard, Senior Counsel, (202/452-3786), Legal Division; Board of Governors of the Federal Reserve System.

SUPPLEMENTARY INFORMATION: By notice published in the Federal Register on December 10, 1981 (46 Fed. Reg. 60503 (1981)), the Board requested comment, in connection with an application filed by J. P. Morgan & Co. Incorporated, New York, New York ("Morgan"), pursuant to section 4(c)(8) of the Bank Holding Company Act (12 U.S.C. § 1843(c)(8)) and section 225.4(b)(2) of the Board's Regulation Y (12 CFR § 225.4(b)(2)), on whether to add to the list of activities that the Board has determined to be closely related to banking or managing or controlling banks (12 CFR § 225.4(a)) the activity of engaging as a futures commission merchant (an "FCM") in the execution and clearance on major commodity exchanges of futures contracts covering bullion, foreign exchange, U. S. Government securities, and money market instruments.

By Order dated July 1, 1982, the Board approved Morgan's application to engage in the proposed FCM activities. In connection with its action on Morgan's application, the Board decided not to add these activities to the list of permissible bank holding company activities in the Board's Regulation Y at this time, and to proceed with applications in this area on a case-by-case basis.

List of Subjects in 12 CFR Part 225

Banks, banking; Federal Reserve System; Holding companies; Reporting requirements; Securities.

By order of the Board of Governors, effective July 9, 1982.

(signed) James McAfee

James McAfee
Associate Secretary of the Board