

**FEDERAL RESERVE BANK
OF NEW YORK**

[Circular No. 9537]
[August 17, 1983]

REGULATION Y
**Amendment Adding Discount Securities Brokerage and Related Margin Lending
to Permissible Activities for Bank Holding Companies**

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

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

The Federal Reserve Board has amended its Regulation Y — Bank Holding Companies — to add securities brokerage and related margin lending to the list of activities generally permissible for bank holding companies. Individual applications will be considered on their own merits.

The action codifies a previous position taken by the Board in approving the acquisition by BankAmerica Corporation of Charles Schwab Corporation, a retail discount securities broker.

The Board acted after consideration of comment received on a proposal made in February to add these activities to the list of nonbanking activities in Regulation Y.

In its final ruling, as in its approval of the BankAmerica/Schwab application, the Board specified that the brokerage activities are to be restricted to buying and selling securities solely as agent for the account of customers (and does not include securities underwriting or the provision of investment advice), and that margin lending on securities is to be conducted by a nonbank subsidiary of the bank holding company, according to the Board's Regulation T (Securities Credit by Brokers and Dealers).

Enclosed is a copy of the amendment, effective September 9, 1983, to Regulation Y. Questions thereon may be directed to our Domestic Banking Applications Department (Tel. No. 212-791-5861).

ANTHONY M. SOLOMON,
President.

BOARD OF GOVERNORS OF THE FEDERAL RESERVE SYSTEM

BANK HOLDING COMPANIES
AND CHANGE IN BANK CONTROL

AMENDMENT TO REGULATION Y

Effective September 9, 1983

Pursuant to the Board's authority under sections 4(c)(8) and 5(b) of the Bank Holding Company Act, 12 U.S.C. 1843(c)(8) and 1844(b), section 225.4 of Regulation Y is amended, effective September 9, 1983, by adding paragraph (a)(15) to read as follows:

§225.4 — NONBANKING ACTIVITIES

(a) ***

(15) providing securities brokerage services, related securities credit activities pursuant to the Board's Regulation T (12 C.F.R. Part 220), and incidental activities such as offering custodial services, individual retirement accounts, and cash management services, *provided* that the securities brokerage services are restricted to buying and selling securities solely as agent for the account of customers and do not include securities underwriting or dealing or investment advice or research services.

For this Regulation to be complete, retain:

- 1) Printed Regulation pamphlet dated April 5, 1978.
- 2) September 1982 slip sheet.
- 3) This slip sheet.

[Enc. Cir. No. 9537]

PRINTED IN NEW YORK