

**FEDERAL RESERVE BANK
OF NEW YORK**

Circular No. 9635
February 10, 1984

**BANK HOLDING COMPANIES
Temporary Exemptions Under Regulation Y**

*To All Depository Institutions in the Second
Federal Reserve District, and Others Concerned:*

The following statement has been issued by the Board of Governors of the Federal Reserve System:

The Federal Reserve Board has acted upon a number of requests submitted by companies under the procedures provided in the Board's revised Regulation Y for exemptions from the Regulation. The Board approved limited exemptions for certain state chartered savings and loan associations and a six-month extension of time for companies that acquired banks before December 10, 1982 to comply with the Regulation.

In that action, the Board decided, upon the basis of requests received from affected institutions, that it will not consider as bank holding companies those companies that acquired state chartered savings and loan associations before December 10, 1982, the deposits of which are privately insured under state law, provided that these institutions limit their lending and deposit taking activities to those permissible for federally insured thrift institutions under the Home Owners' Loan Act.

The Board also, upon request, will grant a six-month period for compliance with the revised Regulation by companies that acquired banks prior to December 10, 1982 and that will become bank holding companies as a result of the Regulation Y revisions.

Under the Bank Holding Company Act, such a company must register with the Board as a bank holding company within 180 days of February 6, 1984, the effective date of the revised Regulation. The Board's decision provides that such a company may request that it not be regarded as a bank holding company during this 180 day period prior to registration, in order to allow sufficient time for orderly compliance with the Act.

At the expiration of the 180 day period, the company will be required to either register as a bank holding company or terminate the status of its subsidiary as a bank. If the company registers, the company would be regarded as a bank holding company and would be required, within two years from February 6, 1984, to divest its impermissible nonbanking activities and to seek FDIC insurance for its bank subsidiaries. The Board may upon request grant extensions of this two year period for three additional one year periods.

Questions regarding these exemptions may be directed to our Domestic Banking Applications Department (Tel. No. 212-791-5861).

ANTHONY M. SOLOMON,
President.