

**FEDERAL RESERVE BANK
OF NEW YORK**

[Circular No. 9701
July 13, 1984]

REGULATION Y
Extension of Deadline for Compliance and Registration by
Bank Holding Companies

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

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

The Federal Reserve Board has extended the deadline for compliance and registration by companies that became bank holding companies as a result of revision of the Board's Regulation Y (Bank Holding Companies). The revision took into the regulation the Board's interpretations of the terms "bank", "demand deposit" and "commercial loan".

Revised Regulation Y was adopted in February. The deadline for compliance and registration, originally set for August 6, has now been extended to December 31, 1984.

The Board extended the deadline in light of legislation pending in Congress that would redefine the definition of bank in the Bank Holding Company Act and that would provide grandfather rights for certain companies covered by the Board's definitions in Regulation Y.

The revised regulation states that any institution that accepts demand deposits and makes commercial loans is a bank for purposes of the Bank Holding Company Act. It defines demand deposits to include NOW accounts and other transaction accounts, and commercial loans as the purchase of commercial paper, retail installment credit, certificates of deposit and bankers' acceptances, and the sale of Federal funds and similar instruments.

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)

BOARD OF GOVERNORS OF THE FEDERAL RESERVE SYSTEM

Order Extending Registration Date for Certain Bank Holding Companies

On February 6, 1984, the Board's revision of Regulation Y, defining the terms "demand deposit" and "commercial loan" in the definition of "bank" in the Bank Holding Company Act, became effective. 49 *Federal Register* 818 (1984). As a result of the Regulation Y revision, institutions that accept demand deposits, which includes for this purpose NOW accounts, and that are engaged in the business of making commercial loans are "banks" and their parent companies are bank holding companies under the Act. Companies that became bank holding companies as a result of the Regulation Y revision were required to register with the Board within 180 days, or by August 6, 1984. The Board is authorized, in its discretion, to extend this period.

Legislation currently under consideration by Congress would redefine the term "bank" in the Bank Holding Company Act and thus would directly affect the requirement for registration and compliance with the Bank Holding Company Act, particularly by those companies that have acquired so-called nonbank banks. In view of the pendency of this proposed legislation, the Board believes it appropriate to extend the deadline for registration by companies that became bank holding companies as a result of the Regulation Y revision. Pending definitive congressional legislation, such an extension would avoid registration by companies that may be exempted under the legislation and would temporarily delay the registration of companies that are not exempted. Accordingly, the date for registration by companies that became bank holding companies as a result of the Regulation Y revision is hereby extended to December 31, 1984.

In connection with the Regulation Y revision, the Board had granted a six-month period for compliance with the Bank Holding Company Act upon the request of certain companies that acquired banks prior to December 10, 1982. In view of the pendency of the legislation, the Board is also extending until December 31, 1984, the date for compliance with the Act by those companies that have been granted a six-month compliance period by the Board.

By order of the Board of Governors, effective July 10, 1984.