

FEDERAL RESERVE BANK
OF NEW YORK

[Circular No. 6968]
July 3, 1972

BANK HOLDING COMPANIES

Property Management Services Not a Permissible Activity

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

Following is the text of a statement issued June 30 by the Board of Governors of the Federal Reserve System:

The Board of Governors of the Federal Reserve System today announced that it does not consider property management services a permissible activity for bank holding companies.

The decision withdrew a proposal of September 14, 1971 to add the performance of property management services to the list of activities considered to be closely related to banking or managing or controlling banks. The Board acted after considering comments received on its proposal, including the record of a public hearing held January 26, 1972.

The Board's action did not limit the authority presently conferred by statute or regulation on banks and bank holding companies to engage in some limited kinds of property management. Accordingly, bank holding companies and their subsidiaries may continue to engage in property management with respect to:

1. Properties held in a fiduciary capacity;
2. Properties owned by the bank holding company or its subsidiaries for conducting its own bank and related operations;
3. Properties acquired by the holding company or a subsidiary as a result of a default on a loan.

ALFRED HAYES,
President.