

FEDERAL RESERVE SYSTEM
12 CFR Part 225
[Regulation Y; Docket Nos. R-0935; R-0936]
Bank Holding Companies and Change in Bank Control
(Regulation Y); Correction

AGENCY: Board of Governors of the Federal Reserve System

ACTION: Final rule; correction to an amendment.

SUMMARY: The Board is correcting an error in the text of the comprehensive amendments to Regulation Y (Bank Holding Companies and Change in Bank Control) that appeared in the Federal Register on February 28, 1997. The correction restores the time limit required for Board action in processing nonexpedited notices under section 4 of the Bank Holding Company Act (BHC Act) that was inadvertently deleted from the text of the final rule.

EFFECTIVE DATE: November 12, 1997.

FOR FURTHER INFORMATION CONTACT: Walter R. McEwen, Attorney (202\452-3321), Legal Division, Board of Governors of the Federal Reserve System. For the hearing impaired only, contact Diane Jenkins, Telecommunication Device for the Deaf (TDD), (202/452-3544), Board of Governors of the Federal Reserve System, 20th Street and Constitution Avenue, N.W., Washington, D.C. 20551.

SUPPLEMENTARY INFORMATION: On February 19, 1997, the Board adopted comprehensive amendments to Regulation Y (Bank Holding Companies and Change in Bank Control) to improve the competitiveness of bank holding companies by eliminating unnecessary regulatory burden and operating restrictions, and by streamlining the application/notice process.^{1/} In taking this action, the Board stated in the preamble that proposals that did not qualify for expedited processing under the new streamlined procedures would be processed under the Board's current procedures.^{2/} The procedures at that time and the specific provisions of the BHC Act, required action on any notice considered by the Board to engage in nonbanking activities under section 4 of the Bank Holding Company Act ("BHC Act") within 60 calendar days after the submission of a complete notice, and the text of the amendments proposed for public comment contained a provision describing the time limit required for Board action.^{3/} This 60-day processing schedule was included in the rule as proposed in August 1996.

The final rule, however, inadvertently omitted that provision. The correction would restore the time-limit provision as originally proposed, thereby conforming the final rule to the Board's stated intent in the preamble and to the specific provisions of the BHC Act. The notice also changes certain cross-references in light of this amendment.

The provisions of 5 U.S.C. 553 relating to notice, public participation, and deferred effective date do not apply to this amendment because the change to be effected corrects an inadvertent deletion from the rule as proposed, is necessary to prevent confusion in the administration of the Board's processing guidelines for nonexpedited notices under section 4 of the BHC Act, is technical and procedural in nature, and does not constitute a substantive rule subject to the requirements of that section. Moreover, because it restores a statutorily required processing schedule, the proposal reduces burden by assuring timely processing of applications subject to System action.

List of Subjects in 12 CFR Part 225

Administrative practice and procedure, Banks, banking, Federal Reserve System, Holding companies, Reporting and recordkeeping requirements, Securities.

For the reasons set forth in the preamble, the Board amends part 225 of chapter II of title 12 of the Code of Federal Regulations as follows:

PART 225--BANK HOLDING COMPANIES AND CHANGE IN BANK CONTROL (REGULATION Y)

1. The authority citation for part 225 continues to read as follows:

Authority: 12 U.S.C. 1817(j)(13), 1818, 1828o, 1831i, 1831p-1, 1843(c)(8), 1844(b), 1972(1), 3106, 3108, 3310, 3331-3351, 3907, and 3909.

2. Under Subpart C, § 225.24 is amended as follows:

^{1/} See 62 FR 9290 (February 28, 1997).

^{2/} See 62 FR at 9293.

^{3/} See 225.24(d)(2)(ii), 61 FR 47242, 47272 (September 6, 1996).

- a. Paragraph (d)(2) is revised;
- b. Paragraphs (d)(3) and (d)(4) are redesignated as paragraphs (d)(4) and (d)(5); and
- c. A new paragraph (d)(3) is added.

The revision and addition read as follows:

§ 225.24 Procedures for other nonbanking proposals.

(d) ***

(2) Board action; internal schedule. The Board seeks to act on every notice referred to it for decision within 60 days of the date that the notice is filed with the Reserve Bank. If the Board is unable to act within this period, the Board shall notify the notificant and explain the reasons and the date by which the Board expects to act.

(3)(i) Required time limit for System action. The Board or the Reserve Bank shall act on any notice under this section within 60 days after the submission of a complete notice.

(ii) Extension of required period for action

(A) In general. The Board may extend the 60-day period required for Board action under paragraph (d)(3)(i) of this section for an additional 30 days upon notice to the notificant.

(B) Unlisted activities. If a notice involves a proposal to engage in an activity that is not listed in § 225.28, the Board may extend the period required for Board action under paragraph (d)(3)(i) of this section for an additional 90 days. This 90-day extension is in addition to the 30-day extension period provided in paragraph (d)(3)(ii)(A) of this section. The Board shall notify the notificant that the notice period has been extended and explain the reasons for the extension.

3. Under Subpart C, § 225.25 is amended by revising paragraph (b)(1) as follows:

§ 225.25 Hearings, alteration of activities, and other matters.

(b) Approval through failure to act. (1) Except as provided in paragraph (a) of this section or § 225.24(d)(5), a notice under this subpart shall be deemed to be approved at the conclusion of the period that begins on the date the complete notice is received by the Reserve Bank or the Board and that ends 60 calendar days plus any applicable extension and tolling period thereafter.

By order of the Board of Governors of the Federal Reserve System, under delegated authority, November 6, 1997.

/signed/

William W. Wiles,
Secretary of the Board.
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