

MEMO# 31826

June 26, 2019

Federal Reserve Proposal on "Control" Under Federal Banking Laws; Your Feedback Requested on Aspects Relevant to Regulated Funds

[31826]

June 26, 2019 TO: Bank-Affiliated Member Advisory Committee
Chief Compliance Officer Committee
SEC Rules Committee RE: Federal Reserve Proposal on "Control" Under Federal Banking Laws; Your Feedback Requested on Aspects Relevant to Regulated Funds

The Federal Reserve Board has issued a proposal to revise its rules regarding the definition of "control" in the Bank Holding Company Act and the Home Owner's Loan Act.^[1] More specifically, the proposed revisions relate to determinations of whether a company has the ability to exercise a "controlling influence" over another company for purposes of those statutes. The Proposal has potential implications for banking organizations' investments in regulated funds (including seed investments) and for regulated funds' (and other advisory clients') investments in securities issued by banking organizations.

ICI intends to submit a comment letter on the Proposal by the July 15 deadline. The attached overview and discussion of possible ICI comments briefly describes the Proposal. It outlines issues the Proposal may raise for ICI members and the changes we are considering recommending. It also highlights specific questions on which we need member input.

We request your feedback on the questions in the attached document as soon as possible, preferably no later than Monday, July 1. Please provide your feedback to the undersigned at rgraham@ici.org and frances@ici.org.

We will circulate a draft comment letter to the above-listed committees on or about July 9.

Rachel H. Graham
Associate General Counsel

Frances M. Stadler
Associate General Counsel & Corporate Secretary

[Attachment](#)

endnotes

[1] Board of Governors of the Federal Reserve System, Control and Divestiture Proceedings, 84 Fed. Reg. 21634 (May 14, 2019) (Proposal).

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