

MEMO# 4171

October 9, 1992

FEDERAL RESERVE RELEASE CONCERNING FULL BROKERAGE ACTIVITIES

October 9, 1992 TO: BOARD OF GOVERNORS NO. 73-92 SEC RULES COMMITTEE NO. 75-92
BANK INVESTMENT MANAGEMENT MEMBERS NO. 6-92 RE: FEDERAL RESERVE RELEASE
CONCERNING FULL BROKERAGE ACTIVITIES

On September 10, 1992, the Federal Reserve Board issued the attached amendment to its Regulation Y, which allows the expedited processing of applications by bank holding companies to engage in full service securities brokerage. As we previously reported, in July the Federal Reserve Board revised an interpretive rule to provide expressly that a bank holding company or its nonbank subsidiary may act as an agent for customers in the brokerage of shares of an investment company advised by the holding company or any of its subsidiaries. (See Memorandum to Board of Governors No. 46-92, SEC Rules Committee No. 48-92, and Bank Investment Management Members No. 2-92, dated July 22, 1992.) The Board's September 10th release apparently allows such a bank holding company to apply to engage in such activities de novo by filing a notice with the appropriate Reserve Bank. (Applications to acquire entities that engage in such activities still must be considered through the full applications process.) Under the notice procedure, the applicant may commence the activity 30 days after receipt by the Reserve Bank of the notice unless the Reserve Bank (1) returns the notice because it is incomplete or requires an application; (2) notifies the company that it may consummate the transaction at an earlier date; (3) extends the 30-day period for an additional 15 days; or (4) refers the notice to the Board for decision because substantive adverse comment is received or it otherwise appears appropriate. We will keep you informed of any further development. Thomas M. Selman Assistant Counsel Attachment