

**MEMO# 6454**

December 12, 1994

## **OCC PROPOSAL ON OPERATING SUBSIDIARIES**

December 12, 1994 TO: BANK INVESTMENT MANAGEMENT MEMBERS No. 36-94 BOARD OF GOVERNORS No. 122-94 RE: OCC PROPOSAL ON OPERATING SUBSIDIARIES

The Office of the Comptroller of the Currency recently proposed rule amendments that would, among other things, authorize the OCC to consider applications for bank operating subsidiaries to engage in activities that a national bank could not engage in directly "because of a specific restriction that applies to the parent bank." The amendments thus apparently would represent a significant change in the OCC's longstanding policy that operating subsidiaries may engage only in activities that are also authorized for national banks. The OCC's proposing release does not state that the OCC will approve any particular category of new mutual fund activities for operating subsidiaries. Instead, the OCC will entertain individual applications for operating subsidiaries to engage in activities that a national bank could not engage in directly. The OCC states that these applications will be exempt from public notice and comment unless the OCC finds that the application "presents significant and novel policy, supervisory, or legal issues . . ." We will keep you informed of further developments. Paul Schott Stevens General Counsel Attachment

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