

## Application for Amoco Refund--BFF-0007

1. Name of Applicant: \_\_\_\_\_

Principal Business Location: \_\_\_\_\_

Telephone: ( ) \_\_\_\_\_

2. Contact Person: \_\_\_\_\_

Address: \_\_\_\_\_

Telephone: ( ) \_\_\_\_\_

3. Level in Distribution Chain:

Motor Gasoline:

Wholesaler \_\_\_\_\_

Retailer \_\_\_\_\_

Consumer directly \_\_\_\_\_

supplied by Amoco \_\_\_\_\_

Consumer supplied by \_\_\_\_\_

retailer directly \_\_\_\_\_

supplied by Amoco \_\_\_\_\_

Consumer supplied \_\_\_\_\_

by wholesaler \_\_\_\_\_

Consumer supplied by \_\_\_\_\_

retailer not directly \_\_\_\_\_

supplied by Amoco \_\_\_\_\_

Unknown (attach statement) \_\_\_\_\_

Distillate:

Reseller \_\_\_\_\_

Consumer supplied by \_\_\_\_\_

reseller \_\_\_\_\_

Consumer directly \_\_\_\_\_

supplied by Amoco \_\_\_\_\_

4. Total gallonage for which a refund is requested: \_\_\_\_\_

Motor Gasoline \_\_\_\_\_

Middle Distillates \_\_\_\_\_

5. Attach to this application schedules showing your purchases of motor gasoline and middle distillates on a monthly basis for the period for which you claim a refund.

6. Name of Supplier: \_\_\_\_\_

Address: \_\_\_\_\_

Telephone: ( ) \_\_\_\_\_

7. Name of Amoco sales representative: \_\_\_\_\_

Address: \_\_\_\_\_

Telephone: ( ) \_\_\_\_\_

8. Amoco customer ID number: \_\_\_\_\_

9. If you are a reseller, were you at any time between 1973 and 1979 a consignee agent? Yes \_\_\_\_\_ No. If yes, when were you a consignee agent? From \_\_\_\_\_ to \_\_\_\_\_

10. Was the product you bought Amoco-branded? Yes \_\_\_\_\_ No. If not, attach an explanation why you believe the product came from Amoco. \_\_\_\_\_

11. Have you ever been involved in a DOE enforcement or private Section 210 legal action? Yes \_\_\_\_\_ No. If yes, attach a copy of any final order issued or, if the action is ongoing, a statement briefly describing the action and its current status. \_\_\_\_\_

I hereby elect to use the presumption method of calculating injury and my refund. I swear (or affirm) that the information contained in this application and attached schedules is true and accurate to the best of my knowledge. I understand that anyone who is convicted of providing false information to the federal government may be subject to a jail sentence, a fine, or both pursuant to 18 U.S.C. § 1001.

Date \_\_\_\_\_

Signature of Applicant \_\_\_\_\_

Title \_\_\_\_\_

# Federal Reserve

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Monday  
January 3, 1983

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## Part VII

### Federal Home Loan Bank Board

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Delegation of Authority Regarding  
Holding Company Acquisition and Debt;  
Organization, Merger, and Acquisition of  
Interim Savings and Loan Associations  
and Interim Savings Banks; and  
Processing of Applications; Final Rules

**FEDERAL HOME LOAN BANK BOARD****12 CFR Part 584****[No. 82-786]****Delegation of Authority Regarding Holding Company Acquisition and Debt**

December 8, 1982.

**AGENCY:** Federal Home Loan Bank Board.**ACTION:** Final rule.

**SUMMARY:** The Federal Home Loan Bank Board ("Board") is adopting regulations which delegate to its Principal Supervisory Agents the following actions: (1) Approval of acquisitions of insured institutions where the assets of both acquiring and acquired institutions do not exceed \$1,000,000,000, provided certain competitive and other criteria are met; (2) approval of applications by savings and loan holding companies to substitute debt for debt which has previously been approved; (3) approval of applications to incur debt up to the greater of \$1,000,000 or 50 percent of the consolidated net worth of the applicant holding company, provided the applicant holding company agrees to limit the dividends of the acquired institution to 50 percent of its net income; and (4) waiver, on supervisory grounds or in *de minimis* acquisitions, of the conditions that an applicant holding company limit dividends it receives from the acquired institution and guarantee the insured institution's reserve requirements.

**EFFECTIVE DATE:** December 31, 1982.

**FOR FURTHER INFORMATION CONTACT:** Laura Patriarca, Attorney, Federal Home Loan Bank Board, 1700 G Street, N.W., Washington, D.C. 20552 (202) 377-6454.

**SUPPLEMENTARY INFORMATION:** On November 12, 1981, the Board, as operating head of the Federal Savings and Loan Insurance Corporation ("FSLIC"), amended its regulations governing savings and loan holding companies ("Holding Company Regulations") (12 CFR Parts 583-589) to delegate to the Board's Principal Supervisory Agents, among other things, the authority to approve certain acquisitions of institutions the accounts of which are insured by FSLIC, in order to expedite the processing of routine holding company applications. 46 FR 57027. On August 26, 1982, by Board Resolution No. 82-579, the Board proposed to further amend those regulations to permit delegated approvals of acquisitions of and by larger institutions, and to revise the

competitive-criteria acquisitions must meet to be approved under delegated authority in order to conform with those criteria proposed the same day for automatic approvals of mergers. 47 FR 39836. The proposed amendments would also have permitted a Principal Supervisory Agent to waive the condition that an applicant holding company maintain an acquired institution's net worth at the statutorily required minimum in cases where the acquisition represents less than five percent of the acquiring company's holdings in insured institutions or on supervisory grounds. The same grounds would permit a Principal Supervisory Agent to waive the requirement that an applicant holding company must agree not to receive dividends from the acquired institution in excess of 50 percent of its net income. Finally, the proposed amendment would have permitted Principal Supervisory Agents to approve applications for holding companies to substitute debt for debt previously approved and to approve new debt up to the greater of \$1,000,000 or 50 percent of the applicant holding company's consolidated net worth, subject to a restriction on the payment of dividends by the subsidiary insured institution to 50 percent of its net income. Except for the proposed anticompetitive criteria discussed below, the Board has determined to adopt the amendments as proposed. (Note that the regulation refers to "Supervisory Agents" in conformity with § 583.5 of the Board's Regulations for Savings and Loan Holding Companies which defines the term to mean the President of a Federal Home Loan Bank.)

**Summary of Comments**

The Board received a total of 10 public comments in response to its proposal. The commenters included three federal savings and loan associations, five state-chartered savings and loan associations, and two savings and loan trade associations. All of the commenters supported the proposed amendments, although several suggested different or additional amendments regarding certain aspects of the proposal. The comments are reviewed in detail below.

**Antitrust Considerations for Holding Company Acquisitions**

Pursuant to the regulations as amended on November 12, 1981, an acquisition could be approved under delegated authority if it met criteria formulated in terms of the amounts of residential mortgage loans and savings accounts held by institution(s) to be

acquired and by subsidiary insured institution(s) of the acquiring company. In counties where both sets of institutions had offices prior to the acquisition, neither mortgage loans nor savings deposits could exceed 10 percent or 15 percent if the Supervisory Agent obtained the concurrence of the Office of General Counsel that the acquisition was not in violation of the federal antitrust laws. In counties in which only the institution(s) to be acquired had offices prior to the acquisition, neither mortgage loans nor savings deposits could exceed 12 percent unless the Office of General Counsel similarly concurred, in which case a 15-percent cap applied. Delegated approvals were confined to those acquisitions involving institution(s) to be acquired of less than \$100 million in assets and subsidiary insured institution(s) of the acquiring company of less than \$500 million.

Under the proposed delegation, an entirely new set of criteria, based on deposits held by the involved institutions, would have applied. In addition, the proposal would have required referral to Washington only of applications in which the assets of both the insured institution(s) of the acquiring company and the institution(s) to be acquired exceed \$1 billion. Three commenters suggested that the Board delegate approval of acquisitions involving institutions with assets of up to \$2 or \$3 billion. The Board continues to believe, however, that it is appropriate to require Washington review of acquisitions of or by large institutions and, accordingly, has determined to adopt the amendments as proposed.

Under the proposal, if the Department of Justice issued an advisory opinion asserting that the proposed acquisition would have a substantially adverse effect upon competition, the acquisition could not be approved under delegated authority. The Board has decided to delete this criterion and to adopt the Herfindahl-Hirschman Index, as discussed in companion Board Resolution No. 82-785 adopted today, pertaining to merger processing.

The proposal would have required a Principal Supervisory Agent to analyze an acquisition in accordance with antitrust standards set out in an acquisition table and would have established separate criteria for potential-competition acquisitions. (The acquisition table was substantially the same as the one adopted today and will not be reproduced here.) As discussed in companion Board Resolution No. 82-785, the Board has determined to revise its

antitrust criteria, including the criteria applicable to potential-competition acquisitions.

Under the revised antitrust standards as adopted, acquisition applications will be approved under delegated authority if:

(1) The aggregate assets of the institution(s) to be acquired or the aggregate assets of the subsidiary insured institution(s) of the acquiring company are less than \$1 billion; and  
(2) The subsidiary insured institution(s) of the acquiring company and of the institution(s) to be acquired would have, together, less than 25 percent of the total deposits held by depository institutions in the relevant geographic area where before the acquisition there were five or fewer depository institutions, and the aggregate share of total deposits would not constitute one of the three largest shares of total deposits and would increase by less than five percent.

(3) The subsidiary insured institution(s) of the acquiring company and of the institution(s) to be acquired would have, together, less than 30 percent of the total deposits held by depository institutions in the relevant geographic area where before the acquisition there were six to 11 depository institutions, and the aggregate share of total deposits would not constitute one of the two largest shares of total deposits and would increase by less than 10 percent.

(4) The subsidiary insured institution(s) of the acquiring company and of the institution(s) to be acquired would have, together, less than 35 percent of the total deposits held by depository institutions in the relevant geographic area where before the acquisition there were 12 or more depository institutions, and the aggregate share of total deposits would not constitute one of the two largest shares of total deposits and would increase by less than 15 percent.

(5) The Herfindahl-Hirschman Index ("HHI")<sup>1</sup> in the relevant geographic area was less than 1800 before the acquisition, and the increase in the HHI caused by the acquisition is less than 50.

(6) In an acquisition involving potential competition, the Supervisory Agent determines that the subsidiary insured institution(s) of the acquiring company is not one of three or fewer

potential entrants into the relevant geographic area.

The following table summarizes the thresholds above which Board review of

a proposed acquisition would be required under differing market structures.

THRESHOLDS OF MARKET STRUCTURE CRITERIA REQUIRING BOARD REVIEW

| Delegated Approval if— <sup>2</sup>                                                                                                              |                                                                                          |                                                                                                                                                                                               |                                               |
|--------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------|
| The combined deposit rank of the subsidiary insured institution(s) of the acquiring company and of the insured institution(s) to be acquired is— | And the number of competitors in the relevant geographic area before the acquisition is— | And the combined share of deposits of the subsidiary insured institution(s) of the acquiring company and of the insured institution(s) to be acquired in a direct competition acquisition is— | And the increase in the share of deposits is— |
| At least 4th                                                                                                                                     | 5 or fewer                                                                               | Less than 25 percent                                                                                                                                                                          | Less than 5 percent                           |
| At least 3rd                                                                                                                                     | 6 to 11                                                                                  | Less than 30 percent                                                                                                                                                                          | Less than 10 percent                          |
| At least 2nd                                                                                                                                     | 12 or more                                                                               | Less than 35 percent                                                                                                                                                                          | Less than 15 percent                          |

<sup>2</sup>No acquisition may be approved under delegated authority where the HHI in the relevant geographic area exceeds 1800 before the acquisition and as a result of the acquisition the increase in the HHI is 50 or more, or where both the subsidiary insured institution(s) of the acquiring company and the insured institution(s) to be acquired have assets of \$1,000,000,000 or more.

### Community Reinvestment Act

Under the previous delegation of authority, no subsidiary insured institution of the acquiring company could have received a less than satisfactory rating with respect to its compliance with the Community Reinvestment Act for an acquisition to be approved by the Principal Supervisory Agent. This requirement has been modified to permit delegated approval if the deficiency is in the process of being resolved to the satisfaction of the Principal Supervisory Agent. In addition, no serious, uncorrected deficiencies may exist with respect to the Board's nondiscrimination regulations for an acquisition to be approved under delegated authority.

### Delegation of Debt-Approval Authority

The final amendment modifies the previous delegation of authority to the Board's Principal Supervisory Agents (see Board Resolution No. 80-202, dated March 26, 1980) to approve applications to incur debt. As previously provided, applications to incur debt up to the greater of \$1 million or five percent of the consolidated net worth of the holding company could be approved by the Principal Supervisory Agent. That authority has now been increased to the greater of \$1 million or 50 percent of the consolidated net worth of the holding company and the Principal Supervisory Agent is authorized to impose a condition limiting dividends paid by the acquired insured institution to 50 percent of the institution's net income. One commenter suggested removing any limit on the amount of debt a Principal Supervisory Agent may approve. The Board continues to believe, however, that large debt applications should receive Washington review and has determined, accordingly, to adopt the debt-approval delegation as proposed.

The final amendment also authorizes the Board's Principal Supervisory Agents to approve applications to substitute debt for debt already approved. The Board originally delegated this authority pursuant to Board Resolution No. 80-202, dated March 26, 1980, but has determined to incorporate it into this regulation for clarity.

### Delegation of Authority To Waive Conditions on Certain Acquisitions by Savings and Loan Holding Companies

The amendment also modifies two of the conditions under which Principal Supervisory Agents may approve acquisitions pursuant to the authority delegated by Board Resolution No. 81-677, November 21, 1981 (46 FR 57027). Those conditions require that the acquiring company agree to limit dividends from the acquired insured institution to 50 percent of net income and to maintain the net worth of the insured subsidiary at the level required of institutions insured for 20 years or longer. The amendment authorizes the Principal Supervisory Agent to waive either or both of these conditions for supervisory reasons or where the assets of the acquired institution will constitute less than five percent of the acquiring company's assets in insured institutions. One commenter suggested permitting Principal Supervisory Agents to waive net-worth and dividend restrictions for all first-time acquisitions without regard to the size of the insured institution to be acquired. However, the Board is revising this delegation to make clear that the *de minimis* acquisition exception is available only to savings and loan holding companies that have not been required to restrict the dividends or guarantee the net worth of the subsidiary insured institutions they control. The Board believes it

<sup>1</sup>The HHI is an index of market concentration, and is the sum of the squares of all market shares of all depository institutions in the relevant geographic area. Thus, if a relevant geographic area has three depository institutions with total deposit shares of 50, 30, and 20 percent, respectively, the HHI is 3800 (50 squared (2500) plus 30 squared (900) plus 20 squared (400)).

appropriate to require Washington review of any waiver request from a company acquiring its first insured institution or from a savings and loan holding company that is subject to net-worth and dividend-restriction conditions at the time it applies to acquire another subsidiary insured institution.

#### Regulatory Flexibility Act Certification

Pursuant to section 3 of the Regulatory Flexibility Act, Pub. L. No. 96-354, 94 Stat. 1164 (September 19, 1980), the Chairman certifies that the amendments will not have a significant impact on a substantial number of small entities. The regulations provide for delegated approval of certain acquisition applications in the least burdensome and most efficient manner and generally give subject institutions greater flexibility. The Board believes that the amendments will benefit small institutions by reducing paperwork and delay but will not have a significant economic impact on institutions.

Because it is in the public interest to reduce unnecessary delay in application processing and to allow managerial decisions to be planned on a calendar-year basis, the Board has determined that the full 30-day delay of effective date following publication of the regulations pursuant to 12 CFR 508.11 and 15 U.S.C. § 553(d) is unnecessary. The amendments will take effect on December 31, 1982, and will apply to all applications filed and deemed complete on or after that date.

Accordingly, the Board hereby amends Part 584, Subchapter F, Chapter V of Title 12, *Code of Federal Regulations*, as set forth below.

#### List of Subjects in 12 CFR Part 584

Acquisitions, Delegation of authority, Holding companies, Savings and loan associations, Savings and loan holding companies.

#### SUBCHAPTER F—REGULATIONS FOR SAVINGS AND LOAN HOLDING COMPANIES

#### PART 584—REGULATED ACTIVITIES

1. Revise paragraphs (g)(1) (iii), (iv), (vi), (2) and (3) of § 584.4, as follows (for the convenience of the user, the introductory text of paragraph (g)(1) is reprinted without charge):

##### § 584.4 Acquisitions.

(g) *Approval by the Supervisory Agent.*

(1) Any acquisition that may be approved under this section by the Corporation may be approved by a

Supervisory Agent, provided that all of the following conditions are met:

(iii) The company will service its debt without receiving dividends from the acquired insured subsidiary in excess of 50 percent of the subsidiary's net income per year on a cumulative basis, and the company agrees in writing that it will not receive dividends from the acquired subsidiary in excess of that amount, unless waived by the Supervisory Agent (a) on supervisory grounds; (b) in cases where the assets of the institutions to be acquired will constitute less than five percent of the assets of the insured subsidiary institution(s) of the acquiring company for acquisitions by savings and loan holding companies that have not agreed to restrict the dividends received from, or guarantee the net worth of, its subsidiary insured institution(s);

(iv) The company agrees in writing that it will ensure that the subsidiary insured institution meets the minimum statutory reserve and net-worth requirements applicable to institutions insured for 20 years or more, as set out in § 563.13 of this Chapter, and, where necessary, will refuse additional equity capital in a form satisfactory to the Supervisory Agent and sufficient to effect compliance with the requirements, unless waived—(a) on supervisory grounds; (b) in cases where the assets of the institutions to be acquired will constitute less than five percent of the assets of the insured subsidiary institution(s) of the acquiring company for acquisitions by savings and loan holding companies that have not agreed to restrict the dividends received from, or guarantee the net worth of, its subsidiary insured institution(s);

(vi) No subsidiary insured institution of the acquiring company (other than an institution that is neither insured by the Corporation nor chartered by the Board) has received on its most recent examination a rating of less than satisfactory with regard to its compliance with the Community Reinvestment Act and the regulations issued thereunder or is seriously deficient with respect to the Board's nondiscrimination regulations, unless the rating or other deficiencies have been or are being resolved to the satisfaction of the Supervisory Agent;

(2) Where the acquisition comes within paragraph (a) (1) or (2) of this section or the acquisition would be of two or more insured institutions under paragraph (b) of this section, the following conditions must also be met:

(i) The Supervisory Agent determines that the acquisition will serve the convenience and needs of the local community of every insured institution to be acquired;

(ii) The aggregate assets of the institution(s) to be acquired or the aggregate assets of the subsidiary insured institution(s) of the acquiring company are less than \$1 billion;

(iii) The subsidiary insured institution(s) of the acquiring company and of the institution(s) to be acquired would have, together, less than 25 percent of the total deposits held by depository institutions in the relevant geographic area where before the acquisition there were five or fewer depository institutions and the aggregate share of total deposits would not constitute one of the three largest shares of total deposits and would increase by less than five percent;

(iv) The subsidiary insured institution(s) of the acquiring company and of the institution(s) to be acquired would have, together, less than 30 percent of the total deposits held by depository institutions in the relevant geographic area where before the acquisition there were 6 to 11 depository institutions and the aggregate share of total deposits would not constitute one of the two largest shares of total deposits and would increase by less than 10 percent;

(v) The subsidiary insured institution(s) of the acquiring company and of the institution(s) to be acquired would have, together, less than 35 percent of the total deposits held by depository institutions in the relevant geographic area where before the acquisition there were 12 or more depository institutions and the aggregate share of total deposits would not constitute one of the two largest shares of total deposits and would increase by less than 15 percent;

(vi) The Herfindahl-Hirschman Index in the relevant geographic area was less than 1800 before the acquisition, and the increase in the Herfindahl-Hirschman Index caused by the acquisition is less than 50;

(vii) In an acquisition involving potential competition, the Supervisory Agent determines that the subsidiary insured institution(s) of the acquiring company does not constitute one of three or fewer potential entrants into the relevant geographic area.

(3) For purposes of paragraph (g)(2) of this section, the following provisions apply:

(i) "Total deposits" includes all demand, savings, and time deposit accounts.

(ii) "Depository institution" includes savings and loan associations, building and loan associations, homestead associations, cooperative banks, savings banks, commercial banks, and credit unions.

(iii) A "relevant geographic area" is used as a proxy for the "relevant geographic market," the area within which the competitive effects of an acquisition may be evaluated. The relevant geographic area shall be delineated as follows:

(a) A county or similar political subdivision, an area smaller than a county, or an aggregation of counties within which the subsidiary insured institution(s) of the acquiring company and the insured institution to be acquired compete (the "home county").

(b) *The commuting test.* If, when using the area delineated in preceding subparagraph (a), the acquisition does not meet the market share and concentration criteria set forth in subparagraphs (2)(ii) through (vii) of this paragraph (g), the relevant geographic area shall be expanded to include an analysis of surrounding areas where the workforce comes in and goes out of the home county on a regular basis.

(1) In a Standard Metropolitan Statistical Area ("SMSA"), the relevant geographic area will include any county to which 20 percent of the home county's workforce commutes and any county from which 20 percent of the workforce commutes to the home county. [These calculations may be obtained from the Census, Table p-2, Social Characteristics of the Population.]

(2) In a non-SMSA, the relevant geographic area will include any county to which 20 percent of the home county's workforce commutes and any other county in which depositors have access to depository institutions that are located approximately the same distance from their homes as are the depository institutions in the home county. [Data on households are available from the Census.]

(c) *The advertising test.* If, when using the area delineated in preceding subparagraph (a) and (b), the acquisition does not meet the market share and concentration criteria set forth in subparagraphs (2) (ii) through (vii) of this paragraph (g), the relevant geographic area shall be further expanded to include counties where competition between institutions is demonstrated by newspaper advertising. Where the volume of sales of a newspaper originating in a county other than the county of the institution to be acquired equals 50 percent of the households of the county of the association to be acquired, the county

from which the newspaper originates will be included in the analysis if the insured institution to be acquired advertises regularly in that newspaper. [Data on households are available from the Census; data on sales are available from newspaper circulation offices.]

2. Add paragraph (f) to § 584.6 as follows:

#### §584.6 Holding company indebtedness.

##### (f) Approval by the Supervisory Agent.

(1) Applications to substitute debt for debt which has been approved previously pursuant to this section may be approved by the Supervisory Agent, provided that the substituted debt would not impose an unreasonable or imprudent financial burden on the applicant or be injurious to the operation of any subsidiary insured institution.

(2) Applications to incur debt up to the greater of \$1,000,000 or 50 percent of the consolidated net worth of the applicant holding company may be approved by the Supervisory Agent, provided that the proposed debt would not impose an unreasonable or imprudent financial burden on the applicant or be injurious to the operation of any subsidiary insured institution. The Supervisory Agent may condition the approval of such an application upon the agreement by the savings and loan holding company to limit the dividends of the acquired institution to 50 percent of its net income.

(Pub. L. No. 90-255 (12 U.S.C. 1730a et seq.); Reorg. Plan No. 3 of 1947; 3 C.F.R., 1943-1948 comp., p. 1071)

By the Federal Home Loan Bank Board.

J. J. Finn,  
Secretary.

[FR Doc 82-35584 Filed 12-30-82; 8:45]  
BILLING CODE 6720-01-M

#### 12 CFR Parts 541, 543, 545, 546, 552, 562, and 563

[No. 82-788]

#### Organization, Merger, and Acquisition of Interim Savings and Loan Associations and Interim Savings Banks

Date: December 8, 1982.

AGENCY: Federal Home Loan Bank Board.

ACTION: Final rule.

SUMMARY: The Federal Home Loan Bank Board ("Board") is adopting amendments to its regulations governing

charter, merger, and holding company applications to facilitate (1) the reorganization of a federally chartered or state-chartered stock association into a holding company form of ownership or (2) the acquisition of an insured institution by a savings and loan holding company. The changes are intended to eliminate duplicative and unnecessary procedures in processing applications filed pursuant to a plan of reorganization that involves a nonoperating or "interim" savings and loan association or savings bank. The Board has also decided to modify certain requirements for combinations involving federally chartered stock associations ("Charter S associations") and interim associations and to eliminate a procedural restriction applicable to all combinations involving Charter S associations.

In addition, pursuant to the Garn-St Germain Depository Institutions Act of 1982, which authorizes the Board, among other things, to charter stock associations and mutual and stock savings banks, the Board is taking this opportunity to indicate its intention to issue, where appropriate, *de novo* stock charters for interim associations and *de novo* stock or mutual charters for interim savings banks for the purposes of facilitating the reorganization of a stock association into holding company form or the acquisition of an insured institution by a savings and loan holding company. In further implementation of the 1982 Act, the Board has determined to delete the requirement that persons organizing a federal association must be local residents of the community the institution will serve.

EFFECTIVE DATE: December 31, 1982.

#### FOR FURTHER INFORMATION PLEASE

CONTACT: Laura Patriarca, Attorney, Office of General Counsel, (202) 377-6454, at 1700 G Street, N.W., Washington, D.C. 20552.

#### SUPPLEMENTARY INFORMATION:

##### Background

On April 15, 1982, the Board promulgated regulations authorizing the chartering of nonoperating federal associations and providing for the insurance of accounts of nonoperating state-chartered institutions, for the purpose of facilitating corporate reorganizations. Because the Board perceived an immediate need to gain experience in processing and monitoring applications involving interim associations, the amendments were adopted as a temporary final rule and a 60-day public comment period was provided. See Bd. Res. No. 82-269; 47 FR

17797, published April 26, 1982. Five comments were received from federal associations and a trade association, and two applications were filed pursuant to the amendments. After reviewing the comments and applications, the Board has determined to retain the regulations substantially as adopted, with some minor modifications as discussed below.

Ordinarily, the formation of a holding company is accomplished when the prospective holding company acquires the stock of the target association through an exchange or tender offer. Similarly, the acquisition by an existing savings and loan holding company of another insured institution involves an exchange or tender offer for all of the stock of the target institution. This is often a less than satisfactory means of proceeding, especially when 100 percent control is desired. An alternative method involves the chartering of a nonoperating "phantom" or interim institution in order to merge it with the association to be acquired. For example, where an association desires to form a savings and loan holding company, an interim institution could be chartered and merged with the association and all of the stock of the association resulting from the merger would be acquired by a company formed to become a savings and loan holding company. Where an existing savings and loan holding company seeks to acquire an insured institution, it could charter an interim institution and merge it with the target institution, subject to the approval of the target institution's shareholders. This method of reorganization or acquisition is attractive because it ensures that, upon approval of the merger by the insured institution's shareholders, the holding company will acquire 100 percent of the shares of the existing institution, a goal which is often difficult to attain through an exchange or tender offer.

The Board believes that the regulations as amended will facilitate the acquisition of stock associations or stock savings banks, whether federally chartered or state-chartered, through a merger with an interim association or an interim savings bank or through any other transaction the Board may approve.

#### Ratification of Temporary Rules

##### 1. Reorganization and formation of a holding company using an interim institution

A stock savings and loan association or shareholders of a stock savings and loan association may reorganize into a holding company structure by taking the following actions:

(1) Form a corporation to become the sole depositor or shareholder in a newly chartered interim federal mutual, federal stock, state mutual, or state stock savings and loan association.

(2) Charter an interim Federal savings and loan association or savings bank, in either stock or mutual form, the only deposit or stock of which is wholly owned by a newly formed corporation.\* Alternatively, charter a state stock association, in either mutual or stock form, the only deposit or stock of which is wholly owned by a newly formed corporation.

(3) Merge the interim association with the existing stock association under a plan of merger whereby all outstanding voting shares of the existing stock association convert to like shares of the corporation, thereby causing the newly formed corporation to acquire all of the outstanding voting shares of the association resulting from the merger.

##### 2. Acquisition using an interim institution

An existing savings and loan holding company may acquire an existing insured institution by taking the following actions:

(1) Charter an interim Federal savings and loan association or savings bank, in either stock or mutual form, the only deposit or stock of which is wholly owned by a newly formed corporation.\* Alternatively, charter a state stock association, in either mutual or stock form, the only deposit or stock of which is wholly owned by a newly formed corporation.

(2) Merge the interim association with the existing stock association under a plan of merger whereby all the outstanding voting shares of the existing stock association convert to shares of the holding company, thereby causing the holding company to acquire all of the outstanding voting stock of the association resulting from the merger.

Board approval must be obtained for the charter, merger, holding company acquisition, and insurance of accounts, as appropriate, pursuant to 12 CFR Parts 543, 546, 552, 563, 571, and 583-589. In determining whether to approve such applications, the Board will consider the proposed transaction in its entirety. The Board will evaluate, as appropriate, the purpose and effect of the overall transaction in light of whether the existing institution's management, or other officials acting on behalf of the institution, are of good character and

responsibility, and whether the community need for, and the probability of success of, such an institution justifies the reorganization without unduly injuring other properly conducted existing thrift and home financing institutions. In addition, the approval of the appropriate state authority is necessary for transactions involving state-chartered institutions.

##### 3. Procedures

A reorganizing association proposing to organize an interim federal association for the purpose of creating a holding company must file an application for permission to organize pursuant to 12 CFR 543.2. Section 543.2(h) exempts applicants for an interim federal charter from the procedures under that Part which ordinarily require publication of notice and opportunity for oral argument, provided those procedures are required upon filing the related merger and holding company applications.

In most instances, the notice and comment periods will be required by § 584.4(g) of the Regulations for Holding Companies, 12 CFR 584.4(g), upon the filing of an H-(e)(1) application for permission to acquire control of an insured institution. However, a reorganizing association which qualifies for an exemption from prior FSLIC approval of an acquisition pursuant to 12 CFR 584.4 will be required to adhere to the notice and comment procedures under 12 CFR 546.2(d), 552.13(h)(5), or 563.22(b), as applicable, in connection with a merger application.

Under paragraph (h) of § 543.2, the Board will grant approval of the issuance of the charter on the condition that the related merger and holding company applications are approved. After issuance of the charter, applicants must also comply with the completion-of-organization requirements of 12 CFR 543.6, including the requirements that the interim association must qualify as a member of a Federal Home Loan Bank pursuant to 12 CFR 523.1 and meet the requirements necessary to obtain insurance of accounts.

##### 4. Combinations involving Charter S associations

The regulations governing mergers of mutual savings and loan associations at 12 CFR Parts 546 and 563, as well as the Board's policy statement on mergers, 12 CFR 571.5, were not changed in connection with the adoption of the Board's temporary rules, except for eliminating duplicative notice and comment periods as described above. However, § 552.13 of the Rules and Regulations for the Federal Savings and Loan System, 12 CFR 552.13, governing

\* Under the temporary rule, only interim Federal mutual savings and loan associations may be chartered. Today's amendments permit the chartering of interim Federal stock savings and loan associations, as well as stock or mutual Federal savings banks.

mergers involving federal stock (Charter S) associations, permits the merger of an interim mutual institution into a stock institution. Prior to April 22, 1982, paragraph (C)(1) of that section required that in any combination in which any constituent is a mutual association, the resulting association must be mutually held, except in supervisory merger-conversion cases. As a nonoperating institution, an interim mutual association will have negligible assets; and because the charter is issued only to provide a reorganization vehicle, no significant ownership rights in the interim association can be jeopardized by its merger into a stock institution. Indeed, the merger is the sole reason for the existence of the mutual charter. The Board therefore believes it appropriate to continue to allow stock associations to survive mergers involving interim institutions.

[Today, in a separate action, the Board is further amending § 552.13(c)(1) to permit mergers involving Charter S associations and Federal associations insured by the Federal Deposit Insurance Corporation reflecting changes to the Home Owners' Loan Act, 12 U.S.C. 1462 *et seq.*, made by the Garn-St Germain Depository Institutions Act of 1982. The Board is also amending § 552.13(c)(1) to provide an additional exception to the rule that a mutual association must survive its merger with a Charter S association. This amendment incorporates into § 552.13(c)(1) amendments to §§ 563b.9 and 563b.10 of the Rules and Regulations for Insurance of Accounts (12 CFR 563b.9, 563b.10). See Board Res. No. 82-390; 47 FR 24252 (June 4, 1982), which authorizes, on a test-case basis, the filing of applications for the nonsupervisory merger of insured mutual institutions into insured stock institutions. (See Board Res. No. 82-791; 47 FR 56985.)]

#### 5. Minimum capitalization and dispersion of ownership

Board policy requires that an organizing federal mutual association obtain a minimum of \$1-2 million in pledged savings depending upon the population size of the association's service area. The Board imposes similar requirements on applicants for insurance of accounts with respect to the amount of capitalization. [Section 552.13(c)(1) is being further amended today (see Board Res. No. 82-791) to permit mergers involving federal associations insured by the Federal Deposit Insurance Corporation and will not be restated here.]

However, minimum capitalization of an interim federal association is not necessary because the newly chartered

entity will not operate until after it merges with a fully capitalized association. Accordingly, paragraph (h) of 12 CFR 543.2 does not condition approval of an interim federal association's charter application on meeting any minimum requirement with respect to capitalization. The regulation also exempts interim state institutions seeking insurance of accounts from the usual capital requirements.

#### 6. Technical holding company status of the reorganizing stock association

Where an existing institution is using an interim institution as a means of facilitating the formation of a holding company, the existing institution arguably becomes a holding company by virtue of its control of the interim institution. (The same argument would apply to a service corporation or other subsidiary formed to hold the interim institution.) However, because the relationships between the existing institution undergoing the reorganization, its service corporation, and the interim institution are established only to permit the existing institution to reorganize into a holding company form of ownership, the Board requires only a single holding company application to be filed for permission to acquire control of the resulting association.

#### 7. Preapproval of the activity of investing in the accounts of or owning the stock of an interim institution

A Charter S association that decides to use a service corporation in connection with its reorganization need not apply for permission for the service corporation to purchase the stock of or invest in the accounts of an interim institution. The Board therefore amended its list of preapproved service corporation activities to include such investments for the limited purpose of facilitating the reorganization of a stock association into a holding company form of ownership.

#### 8. Approval of the acquisition of a recently converted association in connection with an interim institution merger

Paragraph 563b.3(i) of the Rules and Regulations for Insurance of Accounts (12 CFR 563b.3(i)) prohibits the acquisition of more than 10 percent of any class of an equity security of an association which has converted to stock form pursuant to 12 CFR 563b.3 within one year of completion of the conversion process, without prior FSLIC approval. Any recently converted association desiring to reorganize into a holding company structure through a merger with an interim association may apply for Board approval in conjunction with its holding company application.

## New Amendments

### 1. Amendment of definitions

As previously adopted, § 541.8-1 of the Rules and Regulations for the Federal Savings and Loan System (to be codified at 12 CFR 541.8-1) defines "interim Federal association" to mean a nonoperating savings and loan association chartered by the Board to facilitate a merger or any other transaction the Board may approve, which will result in the acquisition of a stock association by a newly formed or existing savings and loan holding company. This section has been modified by removing the phrase "savings and loan" to conform with another amendment adopted today which broadens the definition of "Federal association" at § 541.8 to include savings banks. See Board Res. No. 82-791, 47 FR 56985 (December 22, 1982). Together, the amendments reflect the Board's intention to issue interim charters for savings banks. The definitions of "association," "mutual association," "stock association," and "insured institution" at §§ 546.1, 552.13(b)(6)-(7), 561.1, and 583.6 of the Board's regulations governing mergers and holding company acquisitions (12 CFR 546.1, 552.13(b)(6)-(7), 561.1, 583.6) were amended in April explicitly to include interim federal associations and, where appropriate, interim state-chartered associations. However, the comprehensive revisions to the Board's regulations adopted today (see Board Res. No. 82-791) amend the definitions of "association" and "insured institution" at §§ 546.1 and 583.6, respectively (12 CFR 546.1 and 583.6) and need not be restated here. Because of certain of these revisions, the Board is revising the definitions of "mutual association" and "stock association" at §§ 552.13(b)(6)-(7) by removing references to interim associations which have now been rendered unnecessary. Similarly, the definition of "insured institution" at § 561.1 is amended by Board Resolution No. 82-791 and will not be restated here.

### 2. Shareholder approval

For combinations involving federally chartered stock associations (Charter S associations), an affirmative vote of two-thirds of the outstanding voting stock has been required for approval of the combination agreement, except when the Charter S association is the surviving or resulting association and three other conditions, set out at 12 CFR 552.13(i)(3), have been met. One commenter expressed the view that stockholder approval of Charter S combinations involving interim

associations should not be required and suggested a hearing in lieu of a stockholder vote. Another commenter suggested reducing the proportionate number of affirmative votes required to approve a combination.

The Board continues to believe that shareholders must be given an opportunity to approve or disapprove a merger. However, in cases involving the formation of a new holding company, the Board, upon reconsideration, has determined to reduce the affirmative vote requirement from 66% to 50% plus 1 affirmative vote for combinations involving an interim federal or state association as part of the reorganization of a Charter S association. The Board is taking this action because the ownership interests of shareholders of an association reorganizing into a holding company form of ownership do not undergo material substantive change. In addition, the Board notes that any shareholder of a Charter S association combining under § 552.13 has dissenter and appraisal rights under § 552.14. For cases in which an existing holding company acquires control of a Charter S association through a merger with an interim institution, 66% of the Charter S shareholders must vote in favor of the merger.

In addition, the Board is taking this opportunity to eliminate the requirement, for all combinations involving Charter S associations, that Board approval of the combination agreement be obtained before holding a shareholders meeting or soliciting proxies for the purpose of voting on a combination. This procedure ensures that an applicant association would have to bear the expense of soliciting proxies only once because it allowed for the inclusion in the proxy soliciting materials of any conditions the Board may have imposed upon approval of the application. Applicant associations may now decide whether they wish to bear the risk of a second proxy solicitation if the Board imposes material conditions to a merger application approved after the mailing of proxy soliciting materials. The Board is eliminating this requirement because it believes that this is a business decision.

### 3. Issuance of charters to interim stock associations and interim stock savings banks and mutual savings banks

The Garn-St Germain Depository Institutions Act of 1982 authorizes the Board to organize federal stock savings and loan associations and federal mutual or stock savings banks on a *de novo* basis. Regulations are being developed to implement that authority. (In fact, the Board is adopting today

regulations concerning *de novo* mutual savings bank charters and conversion of existing institutions to other available charters. See Board Resolution No. 82-791.) However, with respect to interim federal associations, the Board wishes to take this opportunity to indicate that it intends to issue *de novo* stock charters for interim federal ("interim Charter S") associations and for interim federal savings banks, as well as *de novo* charters for interim federal mutual savings banks. By organizing an interim Charter S association, a stock association wishing to reorganize into holding company form would have the option of merging into the interim stock association or the interim stock savings bank. Similarly, a savings and loan holding company wishing to acquire another insured institution could charter an interim federal stock association or savings bank into which the target institution could be merged. (Examples of the uses of interim institutions described above apply to all interim institutions, including interim stock and mutual savings banks.) Where a mutually owned interim institution is chartered by the Board or a state authority, the existing stock association will be the surviving institution. However, if an interim state stock association, an interim Charter S association, or an interim federal stock savings bank is utilized in the transaction, the interim institution may be the survivor. The availability of a stock form of institution as an interim association will provide greater flexibility to institutions wishing to reorganize and to holding companies wishing to acquire 100% of the shares of an insured institution.

### 4. Individuals need not reside in local community to apply for federal charter

One commenter questioned whether it is necessary for applicants for a charter for an interim association to be local residents. In light of the amendments to section 5(a) of the Home Owners' Loan Act, 12 U.S.C. 1484, which deleted the descriptive term "local" in directing the Board to issue charters for federal mutual savings banks and to give primary consideration to the best practices thrift institutions in the United States, the Board is revising § 543.2(b) of the Rules and Regulations for the Federal Savings and Loan System (12 CFR 543.2(b)) by eliminating the requirement that applicants seeking permission to organize a federal association reside in the local community.

### Regulatory Flexibility Act Certification

Pursuant to section 3 of the Regulatory Flexibility Act, Pub. L. No. 96-354, 94

Stat. 1164 (September 19, 1980), the Chairman certifies that the amendments will not have a significant economic impact on a substantial number of small entities. The amendments are essentially technical in nature and will improve the ability of federal associations to perform services for the public. The Board believes that associations reorganizing or savings and loan holding companies acquiring an insured institution will benefit from the amendments by attaining an advantageous corporate form more efficiently than is available without the amendments.

The Board finds that notice and public procedure pursuant to 5 U.S.C. 553(b) and 12 CFR 508.11, with respect to the amendments, are unnecessary because they relieve restriction and it is in the public interest to immediately make available to insured institutions the opportunity to reorganize with greater flexibility. The Board also finds the 30-day delay of the effective date following publication of such amendments as prescribed in 5 U.S.C. 553(d) and 12 CFR 508.14 is unnecessary for the same reasons.

### List of Subjects in 12 CFR Parts 541, 543, 545, 546, 552, 562, and 563

Federal Home Loan Bank Board, Holding companies, Savings and loan associations.

Accordingly, the Board hereby amends Parts 541, 543, 545, 546, and 552 of Subchapter C and Parts 562 and 563 of Subchapter D Chapter V of Title 12, Code of Federal Regulations, as set forth below.

### SUBCHAPTER C—FEDERAL SAVINGS AND LOAN SYSTEM

#### PART 541—DEFINITIONS

1. Sections 541.8-1 is revised and §§ 541.8-2 and 541.8-3 are restated without change for the reader's convenience as follows:

#### § 541.8-1 Interim Federal association.

An association chartered by the Board under section 5 of the Act to facilitate the acquisition of 100 percent of the voting shares of an existing Federal stock association or other insured stock institution by a newly formed company or an existing savings and loan holding company or to facilitate any other transaction the Board may approve.

#### § 541.8-2 Interim state institution.

An insured institution, other than a Federal association, the accounts of which are insured by the Federal Savings and Loan Insurance Corporation, to facilitate the acquisition

of 100 percent of the voting shares of an existing Federal stock association or other insured stock institution by a newly formed company or an existing savings and local holding company or to facilitate any other transaction the Board may approve.

#### § 541.8-3 Insured institution.

An insured institution as defined in § 561.1 of this Chapter.

### PART 543—INCORPORATION, ORGANIZATION, AND CONVERSION

2. Amend § 543.2 by revising the second sentence of paragraph (b) and revising paragraph (h), as follows:

#### § 543.2 Application for permission to organize.

##### (b) *Form; supporting information*

An application and all required supporting information shall be executed by at least seven persons (the "applicants") and submitted to the Supervisory Agent.

##### (h) *Alternative procedures for interim Federal associations.*

(1) The procedures prescribed by paragraphs (d)-(g) of this section shall not be required with respect to applications for permission to organize an interim Federal association except that decisions on all such applications will be made by the Board and except as may be required by Parts 546, 563, or 584 of this Chapter. (2) Preliminary approval of an application for permission to organize an interim Federal association shall be conditioned on Board approval of an application to merge the interim Federal association and an existing insured stock institution or on Board approval of any other transaction. After organization has been completed pursuant to § 543.6(d) of this Part, final approval may be granted in conjunction with Board approval of an application filed pursuant to § 584.4 or acquiescence in a filing under § 584.4-1. In evaluating the information provided in accordance with the requirements of paragraph (b) of this section, the Board will consider the purpose for which the association will be organized, the form of any proposed transactions involving the organizing association, the effect of the transactions on existing institutions involved in the transactions, and the effect of the transactions on the community and on other properly conducted existing thrift institutions.

3. Revise paragraph (d) of § 543.6 as follows:

#### § 543.6 Completion of organization.

(d) *Failure to complete.* Organization of a Federal association is completed when the organization meeting and the first meeting of its directors have been held, permanent officers have been bonded, the association holds the cash required to be paid on subscriptions to its capital, if required, and any additional requirement imposed by the Board has been met. If organization is not so completed within six months after issuance of a charter, or within such additional period as the Board may for good cause grant, and in the case of an interim Federal association, if a merger, or other transaction facilitated by the existence of an interim institution, has not been approved, the charter shall become void and all cash collected on subscriptions shall thereupon be returned.

### PART 545—OPERATIONS

4. Paragraph (c)(23) of § 545.9-1 is revised as follows:

#### § 545.9-1 Service corporations.

##### (c) *Permitted activities.*

(23) Investing in the capital stock or in the accounts of an interim Federal association or an interim state institution that has been chartered solely for the purpose of becoming a constituent in a merger that will result in the acquisition of a stock association by a savings and loan holding company or by a company which will, after the acquisition, be a savings and loan holding company;

### PART 546—MERGER, DISSOLUTION, REORGANIZATION, AND CONVERSION

5. Paragraph (d)(3) of § 546.2 is restated without change for the reader's convenience:

#### § 546.2 Procedure; effective date.

##### (d) \* \* \*

(3) This paragraph (d) does not apply to mergers involving an interim Federal association or an interim state institution if the resulting institution is immediately acquired under § 584.4 of this Chapter.

### PART 552—STOCK ASSOCIATIONS

6. Amend § 552.13 by revising paragraphs (b) (6) and (7), (h)(5), and (i), as follows:

#### § 552.13 Combinations involving Charter S associations.

(b) *Definitions.* The following definitions apply to §§ 552.13 and 552.14 of this Part:

(6) *Mutual association.* Any association organized in a form not requiring nonwithdrawable stock under Federal or state law.

(7) *Stock association.* Any association organized in a form requiring nonwithdrawable stock.

##### (h) *Notice.*

(5) *Procedure.* Processing of an application under this section shall follow the procedures set forth in this paragraph (h) and in §§ 543.2(e) and 543.2(f) of this Subchapter unless, in the case of mergers involving an interim Federal association or an interim state institution, the merging institution is immediately acquired under § 584.4, in which case § 584.4(h)(1) of this Chapter shall apply.

##### (i) *Approval by stockholders.*

(1) *General rule.* Except as otherwise provided in this section, an affirmative vote of two-thirds of the outstanding voting stock shall be required for approval of the combination agreement. If any class of shares is entitled to vote as a class pursuant to § 552.4 of this Part, an affirmative vote of a majority of the shares of each voting class and two-thirds of the total voting shares shall be required. The required votes shall be taken at a meeting of the association.

(2) *General exception.* Stockholders of the resulting association need not authorize a combination agreement if: (i) It does not involve an interim Federal association or an interim state institution; (ii) the association's charter is not changed; (iii) each share of stock outstanding immediately prior to the effective date of the combination is to be an identical outstanding share or a treasury share of the resulting association after such effective date; and (iv) either (A) no shares of voting stock of the resulting association and no securities convertible into such stock are to be issued or delivered under the plan of combination or (B) the authorized unissued shares or the treasury shares of voting stock of the resulting association to be issued or delivered under the plan of combination, plus those initially issuable upon conversion of any securities to be issued or delivered under such plan, do not exceed 15% of the total shares of voting stock of such association outstanding immediately prior to the effective date of the combination.

(3) *Exceptions for certain combinations involving an interim institution.* Stockholders of a Charter S association need not authorize by a two-thirds affirmative vote combinations involving an interim Federal association or an interim state institution where a company acquires the resulting Charter S association pursuant to § 584.4(b) of this Chapter. In those cases, an affirmative vote of 50 percent of the shares of the outstanding voting stock of the Charter S association plus one affirmative vote shall be required. If any class of shares is entitled to vote as a class pursuant to § 552.4 of this Part, an affirmative vote of 50 percent of the shares of each voting class plus one affirmative vote shall be required. The required votes shall be taken at a meeting of the association.

#### SUBCHAPTER D—FEDERAL SAVINGS AND LOAN INSURANCE CORPORATION

##### PART 562—APPLICATION FOR INSURANCE OF ACCOUNTS

9. Section 562.4 is revised as follows:

###### § 562.4 Processing of application.

Processing of an application under this Part shall follow the procedures set forth in § 543.2 (d), (e), and (f) of this Chapter, except that an interim state institution need not follow such procedures except as required by Parts 546, 563, or 584 of this Chapter.

10. Paragraph (b) of § 562.6 is revised as follows:

###### § 562.6 Exceptions to foregoing procedure.

(b) *Procedure not applicable to Federal savings and loan associations or interim Federal associations.* The procedure prescribed by the foregoing sections of this Part 562 shall not be applicable to an application for insurance of accounts by a Federal savings and loan association or an interim Federal association.

##### PART 563—OPERATIONS

11. Revise paragraph (c) to § 563.22, as follows:

###### § 563.22 Merger, consolidation, or purchase of bulk assets.

(c) The requirements of paragraph (b) of this section do not apply to any merger, consolidation, or purchase of bulk assets involving an interim Federal association or an interim state institution if the resulting institution is immediately acquired in accordance

with the procedures set forth in § 584.4(g) of this Chapter.

(Sec. 2, 5, 48 Stat. 128, 132, as amended (12 U.S.C. 1462, 1464); Sec. 401, 402, 403, 404, 405, 406, 407, 48 Stat. 1255, 1256, 1257, 1259, 1260, as amended (12 U.S.C. 1724, 1725, 1726, 1728, 1729, 1730); Sec. 408, 82 Stat. 5, as amended (12 U.S.C. 1730a); Reorg. Plan No. 3 of 1947; 3 CFR 1943-1948 Comp., p. 1071)

By the Federal Home Loan Bank Board.

J. J. Finn,  
Secretary.

[FR Doc. 82-35565 Filed 12-30-82; 8:45 am]  
BILLING CODE 6720-01-M

##### 12 CFR Parts 543, 545, 546, 552, and 563

[No. 82-785]

#### Processing of Applications

Date: December 8, 1982.

AGENCY: Federal Home Loan Bank Board.

ACTION: Final rule.

**SUMMARY:** The Federal Home Loan Bank Board ("Board") is adopting a streamlined approach for processing all applications subject to public notice and protest procedures. Under the new application processing system, public notice requirements for all unprotested applications could be completed within 30 calendar days. In addition, the Board is adopting a three-tiered system of review for merger applications which makes use of revised antitrust criteria and an automatic-approval procedure for substantially unprotested applications for new branches, change of office location and redesignation of offices ("branch applications").

Under the new application processing system, the majority of merger and branch applications will be deemed to be approved 30 calendar days after the applicant is notified in writing that the application is complete. Those merger and branch applications which do not meet the automatic-approval criteria will require either the specific approval of the Board's Principal Supervisory Agent or will be referred to the Board for its consideration. These procedures are intended to reduce unnecessary delay in application processing and corporate reorganizations which require agency approval.

**EFFECTIVE DATE:** December 31, 1982.

**FOR FURTHER INFORMATION CONTACT:** Gayle L. Radley (202-377-6961), Attorney, Office of General Counsel.

Federal Home Loan Bank Board, 1700 G Street, N.W., Washington, D.C. 20552.

**SUPPLEMENTARY INFORMATION:** All mergers involving federal savings and loan associations or institutions the accounts of which are insured by the Federal Savings and Loan Insurance Corporation ("Corporation" or "FSLIC") are subject to Board approval. Sections 543.2, 546.2, 545.14 (d) and (e), 545.15, and 552.13 of the Rules and Regulations for the Federal Savings and Loan System (12 CFR 543.2, 546.2, 545.14 (d) and (e), 545.15 and 552.13) prescribe the rules for applications and mergers of federal savings and loan associations. Section 563.22 of the Rules and Regulations for Insurance of Accounts (12 CFR 563.22) prescribes similar rules applicable to mergers of institutions the accounts of which are insured by the FSLIC.

#### Background

In specified circumstances, Board approval of mergers may be given by the Board's Principal Supervisory Agency (*i.e.*, the president of the Federal Home Loan Bank of which the resulting association in the proposed merger is a member) pursuant to delegated authority. The current delegation regulations result primarily from Board Resolution No. 80-446 (July 24, 1980; 45 FR 50553 (1980)).

During the past two years, the board significantly increased the Principal Supervisory Agent's delegation of merger approval authority. See Board Resolutions Nos. 81-18 (January 30, 1981; 46 FR 9917 (1981)), 81-90 (March 3, 1981; 46 FR 14727 (1981)), 81-403 (July 22, 1981; 46 FR 37628 (1981)), 82-103 (February 18, 1982; 47 FR 8152 (1982)), 82-270 (April 15, 1982; 47 FR 17801 (1982)), 82-408 (June 25, 1982; 47 FR 26807 (1982)).

In Board Resolution No. 82-270-A (April 15, 1982; 47 FR 17999), the Board proposed for public comment regulations regarding processing of applications, which were intended to streamline the review of all applications subject to public notice and protest procedures, including merger applications. Those regulations were re-proposed for public comment in Board Resolution No. 82-578 (August 26, 1982; 47 FR 39836).

#### Summary of Comments

The Board received 17 public comment letters in response to its first proposal. These comments were fully discussed in Board Resolution No. 82-578. See 47 FR 39836. The Board received 10 public comment letters in response to Board resolution No. 82-578 (the "proposal"). Four of the letters