

Federal Reserve Interim Final Rule Adopts Regulations for Savings and Loan Holding Companies

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On August 12, 2011, the Board of Governors of the Federal Reserve System (the “Board”) issued an interim final rule setting forth the Board’s regulations for savings and loan holding companies (“SLHCs”) and their non-depository subsidiaries (the “Interim Final Rule”). The Interim Final Rule effects the transition of the SLHC regulations previously issued by the Office of Thrift Supervision (the “OTS”) in connection with the transfer of supervisory authority over SLHCs from the OTS to the Board.

In the Interim Final Rule, the Board has sought to conform regulation of SLHCs as much as possible to the Board’s approach to regulation of bank holding companies (“BHCs”) under the Board’s Regulation Y. Notably:

- Subject to the exemptions provided by the Home Owners’ Loan Act, SLHC activities and the regulatory process for engaging in such activities will now largely mirror those for BHCs. Gramm-Leach-grandfathered unitary savings and loan holding companies, however, retain their ability to conduct commercial activities consistent with their grandfather.
- The standards and procedures applicable to determinations of control of SLHCs are largely conformed (subject to the open issues discussed in this memorandum) to those applied by the Board under Regulation Y, which, among other things, will have the effect of requiring significant investors in SLHCs to file notices with the Board under the Change in Bank Control Act and will eliminate the rebuttal of control process previously available under the OTS regulations implementing the Savings and Loan Holding Company Act.
- Existing SLHC ownership structures, however, will not be revisited by the Board, except in the limited circumstances noted in this memorandum.

If you have any questions regarding the matters covered in this publication, please reach out to any of the lawyers listed below or your usual Davis Polk contact.

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