Davis Polk

Federal Banking Agencies Recognize the Rise of Index Funds and Passive Investing

January 17, 2020 | Client Update

In a welcome move, two recent actions by the Federal Reserve, OCC and FDIC (the **Banking Agencies**) recognize the increasing role of fund complexes and passive investing. The Banking Agencies have released a statement under the Federal Reserve's Regulation O which acknowledges the reality that equity mutual funds may sometimes go over 10% of the shares of a banking organization without triggering limitations on loans to insiders. In addition, the Federal Reserve has recently made public a general counsel's letter that provides conditions for when a fund complex may go over 10% equity ownership in a banking organization without triggering the Change in Bank Control Act (**CIBC Act**).

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.

John Banes
+1 212 450 4116
john.banes@davispolk.com

Luigi L. De Ghenghi
+1 212 450 4296
luigi.deghenghi@davispolk.com

Daniel E. Newman
+1 212 450 4992
daniel.newman@davispolk.com

Margaret E. Tahyar
+1 212 450 4379
margaret.tahyar@davispolk.com

Related materials

Read the full update