An Act

To amend the Depository Institution Management Interlocks Act to revise the manner in which the service of directors of depository institutions and depository holding companies are regulated, and for other purposes.

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

SECTION 1. SHORT TITLE.

This Act may be referred to as the "Management Interlocks Revision Act of 1988".

SEC. 2. AFFILIATION THRESHOLD.

Section 202(3)(B) of the Depository Institution Management Interlocks Act (12 U.S.C. 3201(3)(B)) is amended by striking "50 per centum" each place such term appears and inserting in lieu thereof "25 percent".

SEC. 3. EXCLUSION OF CERTAIN ADVISORY AND HONORARY DIRECTORS.

Section 202(4) of the Depository Institution Management Interlocks Act (12 U.S.C. 3201(4)) is amended by striking out "(including an advisory or honorary director)" and inserting in lieu thereof "(including an advisory or honorary director, except in the case of a depository institution with total assets of less than $100,000,000)".

SEC. 4. EXCEPTION FOR FAILED OR FAILING INSTITUTIONS WHICH ARE ACQUIRED.

Section 205 of the Depository Institution Management Interlocks Act (12 U.S.C. 3204) is amended by adding at the end thereof the following new paragraph:

"(7) A depository institution or a depository holding company which

"(A) is closed or is in danger of closing, as determined by the appropriate Federal depository institutions regulatory agency in accordance with regulations prescribed by such agency; and

"(B) is acquired by another depository institution or depository holding company,

during the 5-year period beginning on the date of the acquisition of the depository institution or depository holding company described in subparagraph (A)."

SEC. 5. LIMITED EXCEPTION FOR DIVERSIFIED SAVINGS AND LOAN HOLDING COMPANIES.

(a) EXCEPTION ESTABLISHED.—Section 205 of the Depository Institution Management Interlocks Act (12 U.S.C. 3204) is amended by inserting after paragraph (7) (as added by section 4 of this Act) the following new paragraph:

"(8)(A) A diversified savings and loan holding company (as defined in section 408(a)(1)(F) of the National Housing Act) with
respect to the service of a director of such company who is also a
director of any nonaffiliated depository institution or depository
holding company (including a savings and loan holding com-
pany) if—
“(i) notice of the proposed dual service is given by such
diversified savings and loan holding company to—
“(I) the appropriate Federal depository institutions
regulatory agency for such company; and
“(II) the appropriate Federal depository institutions
regulatory agency for the nonaffiliated depository
institution or depository holding company of which
such person is also a director,
not less than 60 days before such dual service is proposed to
begin; and
“(ii) the proposed dual service is not disapproved by any
such appropriate Federal depository institutions regulatory
agency before the end of such 60-day period.
“(B) Any appropriate Federal depository institutions regu-
latory agency may disapprove, under subparagraph (A)(ii), a
notice of proposed dual service by any individual if such agency
finds that—
“(i) the dual service cannot be structured or limited so as
to preclude the dual service’s resulting in a monopoly or
substantial lessening of competition in financial services in
any part of the United States;
“(ii) the dual service would lead to substantial conflicts of
interest or unsafe or unsound practices; or
“(iii) the diversified savings and loan holding company
has neglected, failed, or refused to furnish all the informa-
tion required by such agency.
“(C) Any appropriate Federal depository institutions regu-
latory agency may, at any time after the end of the 60-day
period referred to in subparagraph (A), require that any dual
service by any individual which was not disapproved by such
agency during such period be terminated if a change in cir-
cumstances occurs with respect to any depository institution or
depository holding company of which such individual is a direc-
tor that would have provided a basis for disapproval of the dual
service during such period.”.

(b) Appropriate Federal Depository Institutions Regulatory
Agency Defined.—

(1) In General.—Section 202 of the Depository Institution
Management Interlocks Act (12 U.S.C. 3202) is amended—
(A) by adding at the end thereof the following new para-
graph:
“(6) the term ‘appropriate Federal depository institutions
regulatory agency’ means, with respect to any depository
institution or depository holding company, the agency referred
to in section 209 in connection with such institution or com-
pany.”;
(B) by striking out “and” at the end of paragraph (4); and
(C) by striking out the period at the end of paragraph (5)
and inserting in lieu thereof “; and”.

(2) Conforming Amendment.—Section 206(a) of the Depository
Institution Management Interlocks Act (12 U.S.C. 3205(a))
is amended by striking out “banking agency (as set forth in
section 209)" and inserting in lieu thereof "depository institutions regulatory agency".

SEC. 6. EXTENSION OF GRANDFATHER CLAUSE.

Subsections (a) and (b) of section 206 of the Depository Institution Management Interlocks Act (12 U.S.C. 3205) are each amended by striking "ten years" and inserting in lieu thereof "15 years".


LEGISLATIVE HISTORY—H.R. 4879:

Oct. 6, considered and passed House.
Oct. 21, considered and passed Senate.