

"k. Nothing in this section shall be construed to affect the authority of any State or local agency to regulate activities for purposes other than protection against radiation hazards.

"l. With respect to each application for Commission license authorizing an activity as to which the Commission's authority is continued pursuant to subsection c., the Commission shall give prompt notice to the State or States in which the activity will be conducted of the filing of the license application; and shall afford reasonable opportunity for State representatives to offer evidence, interrogate witnesses, and advise the Commission as to the application, without requiring such representatives to take a position for or against the granting of the application.

"m. No agreement entered into under subsection b., and no exemption granted pursuant to subsection f., shall affect the authority of the Commission under subsection 161 b. or i. to issue rules, regulations, or orders to protect the common defense and security, to protect restricted data or to guard against the loss or diversion of special nuclear material. For purposes of subsection 161i., activities covered by exemptions granted pursuant to subsection f. shall be deemed to constitute activities authorized pursuant to this Act; and special nuclear material acquired by any person pursuant to such an exemption shall be deemed to have been acquired pursuant to section 53.

"n. As used in this section, the term 'State' means any State, Territory, or possession of the United States, the Canal Zone, Puerto Rico, and the District of Columbia."

SEC. 2. Section 108 of the Atomic Energy Act of 1954 is amended by deleting the phrase "distributed under the provisions of subsection 53a.," from the second sentence.

Approved September 23, 1959.

Notice of filing.

42 USC 2201.

42 USC 2073.

Definition.

42 USC 2138.

Public Law 86-374

AN ACT

To promote and preserve local management of savings and loan associations by protecting them against encroachment by holding companies.

September 23, 1959
[H. R. 7244]

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That title IV of the National Housing Act, as amended (12 U.S.C., sec. 1724 et seq.), is amended by adding at the end thereof the following new section:

Savings and loan holding companies. Regulation. 48 Stat. 1255.

"REGULATION OF HOLDING COMPANIES

"SEC. 408. (a) (1) As used in this section, the term 'company' means any corporation, business trust, association, or similar organization, but does not include the Federal Savings and Loan Insurance Corporation, any partnership, or any company the majority of the shares of which is owned by the United States or by any State.

"(2) As used in this section (except when used in subsection (f)), the term 'stock' means nonwithdrawable stock, underlying ownership stock other than mutual shares in a mutual institution, permanent stock, guaranty stock, or stock of a similar nature (as defined by the Federal Home Loan Bank Board by regulation) by whatever name called.

"(3) For the purposes of this section, a company shall be considered as having control of an institution or other organization if such company owns, controls, or holds with power to vote more than

Definitions.

10 per centum of the stock of such institution or other organization, or if the Federal Home Loan Bank Board determines, after reasonable notice and opportunity for hearing, that such company directly or indirectly exercises a controlling influence over the management and policies of such institution or other organization.

Insurance appli-
cations.

“(b) (1) The Corporation shall reject any application made for insurance under this title on or after the date of the enactment of this section if it finds that the applicant is controlled by any company which also controls any insured institution or any other applicant for insurance.

“(2) If an application of any institution for insurance under this title is approved on or after the date of the enactment of this section, and the Federal Home Loan Bank Board subsequently determines, after reasonable notice and opportunity for hearing, that at the time of such approval such institution was controlled by a company which also controlled another insured institution (or another applicant for insurance if the application of such other applicant was approved), the Board shall either—

“(A) terminate the insured status of such institution; or

“(B) require such company, in the manner provided in subsection (e) of this section, to dispose of so much of the stock of such institution, or take such other action, or both, as may be necessary to divest itself of its control of such institution.

12 USC 1730.

If the insured status of an institution is terminated under subparagraph (A), the provisions of section 407 relating to continuation of insurance of accounts, examination by the Corporation during the period of such continuation, final insurance premium, and notice to insured members shall be applicable as though the termination had been ordered under such section 407.

Restrictions.

“(c) It shall be unlawful for any company on or after the date of the enactment of this section—

“(1) to acquire the control of more than one insured institution; or

“(2) to acquire the control of an insured institution when it holds the control of any other insured institution.

Acquisition of
stock.

“(d) Any company may, without regard to subsection (c), acquire stock pursuant to a pledge or hypothecation to secure a loan or in connection with the liquidation of a loan, but it shall be unlawful for any such company to retain for more than one year any control the acquisition of which by such company would, except for this subsection, have been unlawful under subsection (c).

Violations, legal
action.

“(e) If, in the opinion of the Federal Home Loan Bank Board, any company holds control of an institution and such control was acquired in violation of subsection (c) or retained in violation of subsection (d), it shall give such company notice that if it does not divest itself of such control within thirty days an action will be brought to force the divestiture thereof. Notice given to such institution shall constitute notice to such company for purposes of the preceding sentence. If such company does not dispose of so much of the stock of such institution, or take such other action, or both, as may be necessary to divest itself of such control within thirty days after the receipt of such notice, the Board shall, without regard to any statute of limitation, institute in the United States district court for the district in which the principal office of such institution is located, and prosecute to final satisfaction, an action to require divestiture of such control. Process in any such action may be served in any district in which such company transacts business or wherever it may be found. The

United States district courts shall have jurisdiction of all actions brought under this subsection and, in view of the fact that the questions involved are of general public importance, shall hear and determine such actions with all reasonable promptness. Any such action shall be brought by the Federal Home Loan Bank Board in its own name and may, in the discretion of the Board, be prosecuted through its own attorneys. All expenses of the Board under this subsection shall be considered as nonadministrative expenses.

“(f) It shall be unlawful, on or after the date of the enactment of this section, for any insured institution which is controlled by a company—

Restrictions.

“(1) to invest any of its funds in the stock, bonds, debentures, or other obligations of such company or of any other organization controlled by such company;

“(2) to accept the stock, bonds, debentures, or other obligations of such company, or of any other organization controlled by such company, as collateral security for advances made to such company or organization or to any other person; except that such institution may accept, and hold for a period not exceeding two years, such stock, bonds, debentures, or other obligations as security for debts contracted prior to the acquisition of such control;

“(3) to purchase securities or other assets or obligations under repurchase agreement from such company or from any other organization controlled by such company; and

“(4) to make any loan, discount, or extension of credit to such company or to any other organization controlled by such company.

Except as otherwise provided by regulation by the Federal Home Loan Bank Board, a non-interest-bearing deposit with a bank, to the credit of an insured institution, shall not be deemed to be a loan, discount, or extension of credit to such bank for purposes of this subsection. As used in this subsection, the term ‘organization’ means a corporation, business trust, association, partnership, or similar organization.

“(g) (1) This section shall terminate May 31, 1961.

Termination.

“(2) The Federal Home Loan Bank Board shall make a full and complete survey of all aspects of savings and loan holding companies, and shall submit a report to the Committees on Banking and Currency of the Senate and the House of Representatives not later than May 31, 1960. This survey shall include studies of the nature, growth, effects and future prospects of savings and loan holding companies, including particularly the extent to which they may have become, or may in the future become, injurious or detrimental to free competition in the field of mortgage lending or in any related field. The report on this survey shall contain a full statement on these matters, together with recommendations for further legislation on this subject. In particular, the report shall review and make recommendations on the legislative proposals submitted at the hearings of the Committees on Banking and Currency on H.R. 7244, Eighty-sixth Congress, including particularly the need for and feasibility of requiring divestment of part or all of the savings and loan associations already acquired or part or all of the other interests of such holding companies, the need for and feasibility of requiring such holding companies to limit their activities or their future acquisitions to a specified distance from their principal offices, and the desirability and feasibility of regulating and controlling further acquisitions of such holding companies, as compared with prohibiting further acquisitions by such holding companies.”

Report to Congress.

Approved September 23, 1959.