

Public Law 100-650
100th Congress

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.

Nov. 10, 1988
[H.R. 4879]

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

Management
Interlocks
Revision Act of
1988.
12 USC 3201
note.

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 company) 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 regulatory 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 information required by such agency.

“(C) Any appropriate Federal depository institutions regulatory 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 circumstances occurs with respect to any depository institution or depository holding company of which such individual is a director that would have provided a basis for disapproval of the dual service during such period.”.

(b) APPROPRIATE FEDERAL DEPOSITORY INSTITUTIONS REGULATORY AGENCY DEFINED.—

12 USC 3201.

(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 paragraph:

“(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 company.”;

(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".

Approved November 10, 1988.

LEGISLATIVE HISTORY—H.R. 4879:

CONGRESSIONAL RECORD, Vol. 134 (1988):

Oct. 6, considered and passed House.

Oct. 21, considered and passed Senate.