



NEWS RELEASE

FOR IMMEDIATE RELEASE

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FDIC SEEKS PUBLIC COMMENT ON PROPOSED POLICY ON BANK MERGERS

The Federal Deposit Insurance Corporation today proposed a new statement of policy that would be used in assessing the competitive impact of potential bank mergers.

Under the proposal, which is being circulated for a 30-day public comment period, the FDIC's view of the financial marketplace in which merger candidates operate would be expanded to include thrift institutions and nonbank financial institutions that now compete with commercial banks. Both competition for market share among financial institutions and concentration levels in selected major product lines would be examined.

The statement of policy would be applicable to all mergers, consolidations, purchases of assets and assumptions of liabilities involving FDIC-insured institutions and institutions that would be insured by the FDIC after a merger is completed.

The FDIC would conduct its competitive analysis of a proposed merger by using a two-tiered approach, focusing first on concentration levels in selected major product lines and geographic markets. If this initial review reveals little anticompetitive impact, further analysis generally would not be conducted. However, if material anticompetitive impact is disclosed during the initial review, additional study of overlapping product lines, geographic markets served, and the significance of the transaction's overall effect would be necessary.

The competitive analysis would weigh the probable impact of the proposed transaction on existing competition, potential competition and the level of concentration of financial resources.

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In addition, the new policy would involve analysis of disaggregated, or separate, products and services material to the entity's overall business. This contrasts with the traditional competitive analysis of a potential bank merger in which all financial products and services of the resulting entity are looked at as a unified line of commerce.

The proposed policy also would provide a framework for approval of all proposed mergers between financially sound institutions unless there is compelling evidence of an anticompetitive impact clearly in violation of antitrust standards.

Interested individuals may send their comments to Hoyle L. Robinson, Executive Secretary, Room 3008I, FDIC, 550 17th Street, N.W., Washington, D.C. 20429. Comments must be received at the above address no later than 30 days after the proposed statement is published in the Federal Register.

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Attachment

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