



Notices for Investments in Real Estate Activities, Life Insurance Products and Annuity Contracts

FIL-69-96
August 29, 1996

TO: CHIEF EXECUTIVE OFFICER
SUBJECT: *Proposed Rule on Notice Requirements for Investments in Real Estate Activities, Life Insurance Products and Annuity Contracts (Part 362 of the FDIC's Rules and Regulations)*

The FDIC Board of Directors is issuing for public comment an advance notice of proposed rulemaking amending its requirements for insured state banks wishing to engage in real estate investment activities, indirectly through a subsidiary, and/or in insurance products and annuity contracts, either directly or indirectly through a subsidiary. Written comments are due by October 22, 1996.

The regulations now require an insured state bank to file an application with the FDIC to engage in activities that would not be permissible for a national bank. The proposal would streamline the approval process by requiring the bank to give a 60-day notice prior to engaging in the activity in lieu of filing an application, provided the bank meets certain criteria. Banks that wish to engage in such activities but do not meet the prescribed criteria would continue to file under the application provisions of Part 362.

This advance notice of proposed rulemaking gives the public an opportunity to comment on changing the requirement from filing an application to giving a 60-day notice under specific circumstances. The notice also invites comments on the specific criteria adopted in the notice procedure, which concern whether:

a real estate subsidiary should be organized "solely" for the real estate-related activities or "mixed-use" subsidiaries should also fall within the notice provisions; imposing all the restrictions of Sections 23A and 23B of the Federal Reserve Act is appropriate or the FDIC should simply state the investment limits; and the tying restriction is broader than necessary and, if so, how it should be modified.

A copy of the advance notice is attached. For more information, please call Shirley K. Basse, Review Examiner in the Division of Supervision (202-898-6815); or Pamela E. F. LeCren, Senior Counsel (202-898-3730), Patrick J. McCarty, Counsel (202-898-8708), or Linda L. Stamp, Counsel (202-898-7310), all in the Legal Division

Nicholas J. Ketcha Jr.
Director

Attachment: [PDF Format](#) (106 kb, [PDF help](#) or [hard copy](#)), [HTML Format](#)
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