



Management Official Interlocks

FIL-87-98
August 17, 1998

TO: CHIEF EXECUTIVE OFFICER

SUBJECT: *Proposed Amendments to Management Official Interlocks Rule*

The Federal Deposit Insurance Corporation's (FDIC) Board of Directors has proposed revising the FDIC's rule on management official interlocks. Comments on the proposal, which is attached, are due by October 13, 1998.

The amendments provide an exemption from the general prohibition against any management interlock between two depository institutions, depository holding companies or their affiliates located in a relevant metropolitan statistical area (RMSA) or other community if their combined share of the total deposits in the RMSA or community is 20 percent or less.

Another provision reflects a statutory change that prohibits management officials of depository organizations with total assets of \$2.5 billion from serving as management officials of unaffiliated depository organizations with assets exceeding \$1.5 billion. These thresholds have been raised from \$1 billion and \$500 million, respectively.

The proposed rule would also create a general exemption that would allow an otherwise-prohibited management interlock if dual service would not result in a monopoly or substantial lessening of competition and would not otherwise threaten safety and soundness. Certain categories of depository institutions would be entitled to a rebuttable presumption under the exemption that the interlock would not result in a monopoly or a substantial lessening of competition. These categories of institutions are: newly chartered organizations; depository institutions deemed to be "troubled" (in danger of default); organizations in low- or moderate-income areas; and organizations controlled or managed by minorities or women.

For further information about the proposed rule, please call Mark Mellon, Counsel in the Legal Division, at 202-898-3854 or Curtis Vaughn, Examination Specialist in the Division of Supervision, at 202-898-6759.

Nicholas J. Ketcha Jr.
Director

Attachment:

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Distribution: FDIC-Supervised Institutions (Commercial and Savings)

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