Federal Deposit Insurance Corporation
550 17th Street NW, Washington, DC 20429

Division of Supervision

Management Official Interlocks

FIL-92-99
September 24, 1999

TO: CHIEF EXECUTIVE OFFICER
SUBJECT: *Final Amendments to Management Official Interlocks Rule*

The Federal Deposit Insurance Corporation's (FDIC) Board of Directors has revised the FDIC's rule on management official interlocks. The final rule, which is attached, takes effect January 1, 2000.

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 to $500 million, respectively.

The rule also creates a general exemption allowing 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 will be entitled to a rebuttable presumption under the exemption that the interlock will 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, please contact 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.

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Director

Attachment: Federal Register, Vol. 64, No. 185, pages 51673-51681
HTML Format PDF Format (47 Kb - PDF help or hard copy)

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