

§ 225.85

12 CFR Ch. II (1–1–01 Edition)

§ 225.85 Is notice to or approval from the Board required prior to engaging in a financial activity?

(a) *No prior approval required generally*—(1) *In general.* A financial holding company and any subsidiary (other than a depository institution or subsidiary of a depository institution) of the financial holding company may engage in any activity listed in § 225.86, or acquire control or shares of a company engaged exclusively in any activity listed in § 225.86, without providing prior notice to or obtaining prior approval from the Board unless required under paragraph (c) of this section.

(2) *May a financial holding company acquire a company engaged in other permissible activities?* In addition to the activities listed in § 225.86, a company acquired or to be acquired by a financial holding company under paragraph (a)(1) of this section may engage in activities otherwise permissible for a financial holding company under this part in accordance with any applicable notice, approval, or other requirement.

(3) *May a financial holding company acquire a financial company engaged in limited nonfinancial activities?* A financial holding company may control or acquire more than 5 percent of the voting shares of a company that is not engaged exclusively in activities that are financial in nature or incidental to a financial activity or otherwise permissible for a financial holding company if:

(i) Substantially all of the activities conducted by the company are financial in nature, incidental to a financial activity, or otherwise permissible for the financial holding company;

(ii) As part of the notice provided under § 225.87, the financial holding company commits to the Board to terminate or divest all activities that are not financial in nature or incidental to a financial activity or otherwise permissible for the financial holding company and the financial holding company completes that termination or divestiture within 2 years of the date the financial holding company acquires the company; and

(iii) Following the acquisition of the company by the financial holding company, the company does not engage in or acquire shares of any company en-

gaged in any activity that is not permissible for the financial holding company.

(b) *In what locations may a financial holding company conduct financial activities?* A financial holding company may conduct any activity listed in § 225.86 at any location in the United States or at any location outside of the United States subject to the laws of the jurisdiction in which the activity is conducted.

(c) *Under what circumstances is prior notice to the Board required?* (1) *Acquisition of more than 5 percent of the shares of a savings association.* A financial holding company must obtain Board approval in accordance with section 4(j) of the Bank Holding Company Act (12 U.S.C. 1843(j)) and either § 225.23 or § 225.24, as appropriate, prior to acquiring control or more than 5 percent of the voting shares of a savings association.

(2) *Supervisory actions.* The Board may, if appropriate in supervisory cases, including under § 225.82(d) or § 225.83(d) or other relevant authority, require a financial holding company to provide prior notice to or obtain prior approval from the Board to engage in any activity or acquire shares or control of any company.

[Reg. Y, 65 FR 14438, Mar. 17, 2000]

§ 225.86 What activities are permissible for financial holding companies?

The following activities are financial in nature or incidental to a financial activity:

(a) *Activities that were closely related to banking.* (1) Any activity that the Board had determined by regulation prior to November 12, 1999, to be so closely related to banking as to be a proper incident thereto, subject to the terms and conditions contained in this part, unless modified by the Board. These activities are listed in § 225.28.

(2) Any activity that the Board had determined by an order that was in effect on November 12, 1999, to be so closely related to banking as to be a proper incident thereto, subject to the terms and conditions contained in this part and those in the authorizing orders. These activities are: