Changes Proposed to Regulation on Management Interlocks

The financial institution regulatory agencies will publish a proposed rule in the Federal Register on December 29, 1995 that revises their regulations on management interlocks.

In order to remove unnecessary obstacles faced by small financial institutions seeking to attract qualified management, the agencies propose to eliminate the provision in the current rule that prohibits management interlocks between an institution under $20 million in assets and an institution with assets of $20 million or more that are both located in the same metropolitan statistical area (MSA). This change is intended to provide small institutions with a larger pool of qualified candidates for management positions.

The agencies are not proposing any changes in the way the management interlocks regulation is applied to institutions in the same community, a smaller geographic area than an MSA. Management interlocks between unaffiliated institutions are not permitted regardless of the size of the institutions when the institutions are in the same community.

The public comment period on the proposed rule ends on February 27, 1996.

Related Link:
[12 CFR 26]