

Federal Reserve Bank of San Francisco
101 Market Street, San Francisco, California 94105

September 20, 2011

To State Member Banks, Bank
Holding Companies, Financial Holding
Companies, Foreign Bank Offices and
Savings and Loan Holding Companies
in the Twelfth Federal Reserve District

Federal Reserve Board Seeks Comment on Proposal Outlining Procedures for Securities Holding Companies to Elect to be Supervised By The Federal Reserve

The Federal Reserve Board is seeking comment on a proposed rule outlining the procedures for securities holding companies (SHCs) to elect to be supervised by the Federal Reserve. An SHC is a nonbank company that owns at least one registered broker or dealer.

The Dodd-Frank Wall Street Reform and Consumer Protection Act eliminated the previous securities holding company supervision framework under the Securities and Exchange Commission and permitted SHCs to be supervised by the Federal Reserve. An SHC may seek supervision by the Federal Reserve to meet requirements by a regulator in another country that the firm be subject to comprehensive, consolidated supervision in the United States in order to operate in the country.

The proposal specifies the information that an SHC will need to provide to the Board as part of registration for supervision, including information related to organizational structure, capital, and financial condition. An SHC's registration would generally become effective 45 days after the Board receives all required information.

The proposal provides that upon an effective registration, an SHC would be supervised and regulated as if it were a bank holding company. Consistent with the Dodd-Frank Act, the restrictions on nonbanking activities in the Bank Holding Company Act would not apply to a supervised SHC.

The Board will accept comments on the proposal through October 11, 2011.

Additional Information

All circulars and documents are available on the Internet through the Federal Reserve Bank of San Francisco's website, at <http://www.frbsf.org/banking/letters>.

For additional information, please contact:

Federal Reserve Bank of San Francisco
Banking Supervision and Regulation
(415) 974-2136

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