

DATE: June 14, 2002

SUBJECT: Regulation H; Docket No. R-1099 Final Rule--Amends Rule on Prohibition Against Using Interstate Branches Primarily for Deposit Production

HIGHLIGHTS: The Federal Reserve Board, the Federal Deposit Insurance Corporation, and the Office of the Comptroller of the Currency have issued final regulations amending their rules that currently prohibit interstate branches from being used primarily for deposit production.

The Riegle-Neal Interstate Banking and Branching Efficiency Act prohibits any bank from establishing or acquiring a branch outside of its home state primarily for the purpose of deposit production. Section 106 of the Gramm-Leach-Bliley Act expands this prohibition to include any branch of a bank controlled by an out-of-state bank holding company. To conform their regulations to this statutory change, the agencies have amended their rules so that the prohibition against deposit production offices also applies to any bank or branch of a bank controlled by an out-of-state bank holding company, including a bank consisting only of a main office.

The regulations are effective October 1, 2002.

DOCUMENT LOCATION: The June 5, 2002 press release-notice is available under the "press releases" section of the Board's web site:

<http://www.federalreserve.gov/boarddocs/press/bcreg/2002/>

FURTHER INFORMATION : Henry F. Dove, Jr., Supervisory Examiner
(314) 444-8846 (or 800-333-0810, ext. 448846)
Banking Supervision and Regulation Department