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M E M O R A N D U M

July 7, 2015

To Our Clients and Friends

Re: Federal Reserve Determines Financial Sector Concentration Limit

The Dodd-Frank Wall Street Reform and Consumer Protection Act establishes a financial sector concentration limit that prevents a financial company from merging and consolidating with, acquiring all or substantially all of the assets of, or otherwise acquiring control of another company if the resulting company's consolidated liabilities would exceed 10 percent of the aggregate consolidated liabilities of all financial companies. A financial company covered by the rule is an insured depository institution, a bank or savings and loan holding company, a foreign bank, a company that controls an insured depository institution or a nonbank financial company designated by the Financial Stability Oversight Council for supervision by the Federal Reserve Board.

The purpose of the concentration limit is to improve U.S. financial stability by reducing systemic risk that might arise from increased financial sector concentration attributable to acquisitions by large U.S. financial companies. The concentration limit supplements the nationwide deposit cap in Federal banking law by imposing an additional limit on liabilities of financial companies.

The Federal Reserve has announced that as of December 31, 2014, aggregate consolidated liabilities of the U.S. financial sector were $21,632,232,035,000. As a result, during the period July 1, 2015 through June 30, 2016, a financial company may not engage in an acquisition or other transaction covered by the Dodd-Frank provision and the Federal Reserve's rules if the liabilities of the resulting company would exceed $2.163 trillion.

A copy of the Federal Reserve's determination can be found on our website at http://www.schwartzandballen.com/news.html

If you have any questions, please call Gilbert Schwartz, Robert Ballen, Tom Fox, Heidi Wicker, or Ben Gray at (202) 776-0700.