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MEMORANDUM

October 2, 2019

To Our Clients and Friends

Re: Agencies Update Management Interlock Rule

The Federal bank regulatory agencies¹ have amended their rules to increase the major assets prohibition thresholds for management interlocks for purposes of the Depository Institution Management Interlocks Act (DIMIA). The change permits a director or other management official of a depository institution or depository holding company management to serve as a director or management official at another depository organization if both organizations have \$10 billion or less in total assets. The agencies stated the increase was made in light of changes in the United States banking market since Congress established the current thresholds in 1996.

Previously, management interlock rules prohibited a director or other management official of a depository institution or holding company with more than \$2.5 billion in total assets from also serving as a director or other management official at an unaffiliated depository organization with more than \$1.5 billion in total assets. Management officials will now be prohibited from serving with multiple depository organizations that possess assets that exceed the new thresholds (or any of their affiliates.) The change will take effect upon publication in the *Federal Register*.

The current prohibitions on a management official serving at the same time as a management official of an unaffiliated depository organization if the organizations or any depository institution affiliate thereof have offices in the same community or in the same relevant metropolitan statistical area (RMSA) (if, in the latter instance, each depository organization has total assets of \$50 million or more), will continue to apply.

A copy of the agencies' rule is available on our website at <http://schwartzandballen.com/news.html>.

For more information, please call Gilbert Schwartz, Robert Ballen, Heidi Wicker, or Victor Razon at (202) 776-0700.

¹ The Federal Reserve Board, Federal Deposit Insurance Corporation and Comptroller of the Currency.