

ED FRASER

Proposal and Comment Information

Title: Regulatory Modernization and Relief for Mutual Holding Companies (Reg Q and MM), R-1895

Comment ID: FR-2026-0027-01-C38

Submitter Information

Name: Ed Fraser

Submitted Date: 10/05/2026

Re: Regulatory Modernization and Relief for Mutual Holding Companies;
Docket No. R-1895; RIN 7100-AH26

First comments - re stock purchases - buybacks and all, with good
suggested changes

October 4, 2026

Benjamin McDonough
Secretary
Board of Governors of the Federal Reserve System
20th Street and Constitution Avenue, NW
Washington, DC 20551

Re: Regulatory Modernization and Relief for Mutual Holding Companies;
Docket No. R-1895; RIN 7100-AH26

Dear Mr. Secretary,

I thank you for this opportunity to now see the many positive comments on the Board of Governors of the Federal Reserve System's proposed amendments to Regulations Q and MM concerning the regulatory framework for mutual holding companies and mutual banking organizations. A most impressive effort there in preparing the complicated background and posing those "51 Questions" for specific comment.

First here are some comments from nearer the end of the questions under
STOCK REPURCHASES, Questions 38 through 42:

Q. 38: Considering potential market volatility and general news changes, there is both prudent investment opportunity and sometimes needed market liquidity and stability that comes with stock buybacks. It does seem very appropriate to have the flexibility beginning after 6 months rather than the existing 1 year. Not to quote or express opinions belonging to others on this Federal Reserve discussion, (but being an opinion I share), it does seem appropriate to quote a long-standing view often found expressed through the years on stock buybacks. Conveniently it was recently repeated in a Wall Street Journal opinion type article on page B10 of my Friday, August 26, 2026 edition. (See attached scan here.)



In summary, buy-backs that enhance business and shareholder value are prudent and desirable.

Q. 39: The elimination of the legal costs to properly get approval for stock buybacks, whether it is for the Question 38 "change 1 year to 6 months" proposal, or any subsequent buybacks is important and

desirable. **The required SEC/Regulatory stock purchase reporting still would be in place.** The advantages and only disadvantages are well noted in the attached WSJ article.

BUT I would like to address another “problem” - perhaps appropriate to review right here:

Surely the major considerations for either full, or these partial “MHC”, conversions in the first place are to address issues of significant capital raising, management succession, financial transparency, taking advantage of efficient economy of scale, and the management and ownership of the accumulated equity for the longer term.

An MHC conversion has a unique unfairness in stock buybacks. It magnifies three problems:

1. It buys in shares hopefully at a price advantageous to its public stockholders, but at prices that could be below their cost, or at prices that in a second step, shares that will have to be re-sold at possibly a lower price in a second step offering.
2. Any benefit of enhancing the per share value accrues equally to the unsold shares (i.e. the depositors, or even the community, that has no invested capital in the stock)
3. In buying in those shares, they are bought for the majority ownership MHC! That effectively means that the public shareholders now own a lower percentage of the MHC – i.e. of the bank! There are many examples out there that went public selling close to a 50% stake in the bank, investors putting their capital at risk and for years sometimes with a minimal or no dividend return, to find in a second step they may now only “own” less than 30% of the bank. It happens.

Perhaps there is a very easy solution and could be possible or included under the new proposed dividend waiver rules?

If stock dividends can be paid only to the public shareholders, in an amount exactly equal to offset shares bought back, so as to keep the percentage ownership of the MHC identical to as it was offered in its MHC original conversion, this would seem most logical and fair.

Perhaps it would need some addressing as to how additional shares are issued via employee options, incentive plans, and bonuses – but there might be additional transparency that come out of handling that. (Comparison-wise, in a full conversion, stock buybacks by themselves **increase** the percent ownership of holders just sitting on their shares.)

And on to a tax issue currently? I don’t know if the Federal Reserve Board has any input on the current ideas to be taxing companies that repurchase their shares – at say 1% or whatever. This seems an over-reach in taxation beyond prudent share management by companies – and a favorable change would be a positive applicable here in addressing MHC structures?

Again, I thank the Board of Governors of the Federal Reserve System for recognizing the unique value potential of the mutual holding company structure and for advancing now both thoughtful and meaningful business and security valuation reforms.

Respectfully.

Ed Fraser
(Unaffiliated Individual.)
(retired member of CFA Society of NY)