

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-C39

Submitter Information

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Comments Re: Regulatory Modernization and Relief for Mutual Holding Companies;

Docket No. R-1895; RIN 7100-AH26

Previous comments were re "STOCK REPURCHASES" and Questions 38 through 42.

Included was a copy of the Will Street Journal very positive "opinion" article on Buybacks from August 26, 2026, page B10 titled "Here's the real problem with stock buybacks" .

AND today

HERE are further comments on some of the other additional sections:

- MEMBERSHIP RIGHTS - Questions 14 through 16
- PRICING OF CONVERSION SHARES - Question 43
- OFFERS AND SALES OF STOCK - Questions 44 and 45
- DIVIDEND WAIVERS - Questions 1 through 4

October 5, 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 perhaps related to the questions under

MEMBERSHIP RIGHTS, Questions 14 through 16:

Q 14: There are additional changes that might be made that might enhance both the ownership distribution among depositors and the certainty of more stock ownership by management as well. Currently management and depositors compete as priority subscribers in a conversion offering, and I would suggest that management should have a "higher priority" within that category for share allocation, as was often seen in conversions decades back. Typically, there were guidelines in as high as "up to 20 or even 30%" of the stock offering, being higher for the smallest institutions. What that might have done was not have managements and depositors compete – i.e. managements and conversion investment bankers have, for years now, become quite low-profile in advertising conversion stock offerings. No public meetings in the local area, or sometimes in the bank or a branch. A minimum of mailings other than what was required. A minimum of community education about stock ownership. Yes, such "marketing" could result in oversubscriptions, and cutbacks for everyone. Per se, that's not necessarily unfair. There are favorable opinions for managements owning and buying stock with their own money. If the result happens that the long-time management, responsible for the bank's long-term success, winds up with minimal stock allocations, that seems unfair. While more recently many larger banks offering shares had substantial dollar amounts of management requested stock purchases that in total were only 2 to 4% - far from an "up to 20% category" – but still having a specific category, especially for a smaller bank, may have definite positives – and might work to enhance shareholder value as well – and it would move to eliminate a management versus depositor conflict of interest.

Second, here are some comments perhaps related to the questions under

PRICING OF CONVERSION SHARES:

Question 43: Two comments:

- 1- There is no mention about the discrimination some lenders have in accepting stock as loan collateral when its price is around \$10. This, too, also can be an issue regarding marginability. Also, if priced higher, which seems ok too, trading "volume" (or supposed liquidity) will be less – so no easy solution to just making the price higher than the now-usual \$10 figure.
- 2- However, the pricing with the 15% higher-15% lower grid is truly strange. A buyer "bids blind" and agrees to accept whatever the result is. A very strange business. Other world-wide more businesslike auctions can have bidding options where one can bid for more if the price is lower. Scaled bidding makes more sense, but makes the seller's paperwork harder? Suggestion: Try something different.

Thirdly, here are some comments perhaps related to the questions under

OFFERS AND SALES OF STOCK, Questions 44 and 45:

This area of state registration of proxies, stock offerings, etc., is a “fairness” nightmare. Again, the problem of Conversion information being often limited to the bare minimum requirements is awful. Simple notices and even phone calls to a bank’s depositors advising that a stock offering is coming and one needs to contact the bank immediately for additional information. Added to this should be a mailing that “your address of record may preclude getting offering information per your state of residence”. A “simple” 5 percent of deposits rule **is not an answer**. Avoiding using such rules saves the bank being in an error later, and dealt with more directly may actually present other answers for the customer. Whatever the FRB can direct to advise banks, or even modify offerings to avoid such issues, makes excellent business sense – and should be included as part of any conversion process.

**And, finally. Last but not least, Comments on the all “most important #1 topic here”,
DIVIDEND WAIVERS: Questions 1 through 4:**

Q. 1 – Not to really re-define the role of a “Board of Directors” in an organization in our unique capitalist “stockholder” system, they are the people whose role and 100% responsibility is to manage the business in the best (legal and ethical) way for the stockholders. Having good customer relations and good community relations (e.g contributing support to meaningful community causes, etc), are part of good business practices.) So it is easy to then consider that this also must fit the role of the Board of Directors of an MHC with stockholders. Not doing that leads to the problems we have created and are herein trying to make corrections to – efforts to “protect”- rights of non-subscribing non-stockholders (the institution’s members), other customers, community agendas, etc. – all with some good intentions but with directions that can be diluting a business’s focus. If it is ethical and legal, and a good choice for the “business”, there should be no “conflict of interest” for the MHC’s Board of Directors within this dividend waiver usage.

Q. 2 – The “long overdue” ending of a class of “non-dividend waiver” and “dividend waiverable” MHC’s should just terminate and be a closed story. It was a mistake, tried and had unanticipated bad consequences. Recovery of the monies lost in proxy costs, stock market valuations lost because earnings and dividends were impacted, etc., seem difficult to correct or compensate for.

Q. 3 – Any wording referring to bank, MHC, stockholder or bank customer approval being involved in the payment of any dividends other than just to shares issued to stockholders (not to any MHC held shares) should be canceled and declared invalid (illegal?) anywhere it is referenced in MHC rules or applicable documentation (including a bank’s account forms or applications).

Q. 4 – No. Elimination of the whole “Dividend Waiver” topic re the payment of any dividends to MHC held shares, and that possible concept, should be sufficient.

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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)