This report provides information regarding the applications filed by banking organizations and
reviewed by the Federal Reserve as of the most recent reporting period ending on June 30 and
December 31 of each calendar year.

The Federal Reserve, in its role as a primary federal regulator, reviews applications submitted
by bank holding companies (BHCs), state member banks, savings and loan holding compa-
nies (SLHCs), foreign banking organizations, and other entities and individuals for approval
to undertake various transactions, including mergers and acquisitions, and to engage in new
activities.

The Federal Reserve reviews and acts on proposals filed under the Bank Holding Company
Act; the Bank Merger Act; the Change in Bank Control Act (CIBCA); the Federal Reserve
Act; section 914 of the Financial Institutions Reform, Recovery, and Enforcement Act (FIR-
REA); section 10 of the Home Owners’ Loan Act (HOLA); the International Banking Act;
and other provisions of law.¹

Overview of Activity

The Federal Reserve reviewed 654 proposals in the first half of 2015, of which 582 were
approved, 60 were withdrawn, 4 were mooted, and 8 were returned (table 1).² Total disposi-
tions were nearly unchanged with 654 in the first half of 2015, compared with 645 in the first
half of 2014. Similarly, the composition of proposals were consistent for both periods. The
majority of proposals were merger and acquisition (M&A) proposals, FIRREA notices,
branch applications, and CIBCA notices.

Table 1 also illustrates that the average number of days to approve a proposal was 43 days in
the first half of 2015, compared with 46 days in the first half of 2014. The median processing
time has remained steady at 30 days.

Nine percent of the proposals disposed of in the first half of 2015 were withdrawn, which is
similar to the percentage in recent years. Proposals are withdrawn most often at the initiative
of the applicant. However, proposals also may be withdrawn after the Federal Reserve informs
the applicant that a significant issue exists that precludes an approval recommendation by staff
based on staff’s review of the statutory standards for approval.³ For example, the applicant or

¹ For the purpose of this report, the term “proposal” is defined as one filing, which may have been submitted pursu-
ant to multiple statutes. For example, an applicant BHC with a subsidiary state member bank could file to acquire
another BHC and merge the target’s subsidiary bank with its own state member bank and thereby establish
branches. This one “proposal” would include filings under the Bank Holding Company Act, the Bank Merger Act,
and the Federal Reserve Act. Further information on banking applications and regulation is available on the Fed-

² Beginning with this report, table 1 includes mooted and returned dispositions. As a result, historical total disposi-
tions will not exactly match with previous reports (vol. 1, no. 1 and vol. 2, no. 1). A mooted proposal generally is
one that no longer requires Federal Reserve action because of a change in circumstances that renders the filing to
be no longer required. A returned proposal is one in which the Federal Reserve determines that the filing documen-
tation is significantly insufficient and cannot be processed as presented.

³ Supervision and Regulation Letter SR 14-2/CA 14-1 “Enhancing Transparency in the Federal Reserve’s Applica-
tions Process” provides the general public with a better understanding of the Federal Reserve’s approach to appli-
cations and notices that may not satisfy statutory requirements for approval of the proposal or otherwise raise
supervisory or regulatory concerns. This guidance applies to all financial institutions supervised by the Federal
Reserve, including those with $10 billion or less in consolidated assets and is available on the Federal Reserve web-
resulting banking organization’s financial or managerial condition may be less than satisfac-
tory; the Community Reinvestment Act (CRA) or consumer compliance record, including fair 
lending (see the section on Consumer Compliance and CRA), may be less than satisfactory or 
there may be other significant consumer compliance issues; or there may be significant com-
petitive issues.4

Of the 60 proposals withdrawn in the first half of 2015, 45 proposals were withdrawn at the 
initiative of the applicant without input by the Federal Reserve. Fifteen proposals raised sig-
nificant issues regarding the statutory factors that must be considered by the Federal Reserve 
and were withdrawn after consultation with staff. Specifically, these proposals raised financial 
and managerial issues at the applicant (including two proposals that raised Bank Secrecy Act/
anti-money-laundering compliance program issues), legal regulatory conformance issues, and 
CRA and fair lending issues.

Applications

Mergers and Acquisitions

In the first half of 2015, the volume of approved M&A proposals increased to 136, compared 
with 115 approved in the first half of 2014 (table 2).5 These types of proposals accounted for 
23 percent of total approved proposals in the first half of 2015. In reviewing M&A proposals, 
the Federal Reserve considers the applicant’s current and pro forma financial condition and 
future prospects, managerial resources, consumer compliance record and performance under 
the CRA and the Bank Secrecy Act/anti-money-laundering compliance programs, public ben-
efits, and the competitive and financial stability effects of the proposal. Other considera-
tions may include a review of ownership changes of the resultant banking organization or policy 
questions.

M&A proposals generally are more complex than other proposals because they typically 
require review of several organizations under multiple statutory factors. As table 2 illustrates, 
the average and median number of days to approve an M&A proposal in the first half of 2015

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4 Under section 3 of the Bank Holding Company Act, for example, the Federal Reserve must assess whether the fol-
lowing statutory factors are consistent with approval: financial, managerial, future prospects, financial stability, 
competition, convenience and needs (including CRA performance), and public benefits.

5 M&A proposals are defined as those filed by BHCs, SLHCs, or state member banks that seek approval to acquire 
additional ownership interest or to merge with another banking organization. These proposals also include BHC 
and SLHC formations.
were 63 and 41 days, respectively. In comparison, for the same period, the average and median number of days to approve all proposals were 43 and 30 days, respectively (table 1).

The Federal Reserve may receive adverse comments on a proposal from the public.\(^6\) Such proposals typically require additional time to allow the applicant the opportunity to respond to the comments and for the Federal Reserve to evaluate the comments. The majority of public comments received by the Federal Reserve are based on the CRA and the fair lending records of the applicant. Comments also may be directed at other considerations of a proposal. Proposals that involve an adverse public comment are required to be acted on by the Board as opposed to the Reserve Banks.\(^7\)

Table 3 breaks down M&A processing times for proposals that did and did not receive adverse public comments. Although M&A proposals receiving adverse public comments represent a small proportion of total M&A proposals approved by the Federal Reserve, processing times for these proposals are considerably greater than those M&A proposals not receiving such

\(^6\) The applicant is required to publish notice of its proposal, typically in newspapers serving certain communities in which the applicant or target has operations. The Federal Reserve also publishes notice in the *Federal Register*. The notices inform the public of the opportunity to submit written comments on any proposal.

\(^7\) Generally, Reserve Banks can act under delegated authority with respect to proposals that do not receive adverse public comments; do not present significant concerns relative to the statutory factors; do not raise a policy issue; or are not novel, complex, or otherwise required to be acted upon by the Board.
comments. In the first half of 2015, the average number of days to approve M&A proposals that did not receive adverse public comments was 53 days, compared with an average of 208 days for the eight M&A proposals that received adverse public comments.\(^5\)

### Pre-filing Process

Processing delays can be avoided by using the pre-filing process, which provides applicants the opportunity to work with Federal Reserve staff to receive feedback on potential issues related to acquisitions or other proposals before filing a formal application. The pre-filing process is described in the Federal Reserve’s Supervisory and Regulation Letter SR 12-12/CA 12-11 titled “Implementation of a New Process for Requesting Guidance from the Federal Reserve Regarding Bank and Nonbank Acquisitions and Other Proposals.”

The Federal Reserve reviewed 77 pre-filings in 2013, 72 in 2014, and 36 in the first half of 2015. The majority of pre-filings were related to potential M&A proposals and CIBCA notices. To a lesser degree, pre-filings were submitted by SLHCs that sought preliminary documentation review for dividend waiver requests. Pre-filings may or may not result in a formal filing.

### Consumer Compliance and CRA

In evaluating M&A proposals, the Federal Reserve reviews the consumer compliance and CRA records of the acquiring and target organizations as part of its assessment of the managerial factor and convenience and needs factors. An organization’s strong consumer compliance and CRA records can facilitate the review process. Conversely, unaddressed consumer compliance and CRA weaknesses in an organization can cause significant delays in the review process and may pose barriers to approval. With respect to M&A proposals, an applicant should ensure that its consumer compliance program, policies, and procedures are adequate to ensure successful integration of the target and that the combined organization would maintain satisfactory consumer compliance and CRA programs following consummation.

### Other Analysis

#### Community Banking Organizations

Table 4 provides the volume and processing times of proposals most commonly submitted by community banking organizations (CBOs) according to their asset size. Small CBOs are those under $1 billion in assets, and large CBOs are those with $1 billion to $10 billion in assets.

Noteworthy is that the number of state member bank branch applications submitted by small CBOs (stand-alone transactions, not related to an M&A proposal) increased to 44 in the first half of 2015, from 28 in the second half of 2014 and 37 in the first half of 2014. The increase in branch applications is due to six state member banks opening more than one branch in the first half of 2015.

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\(^5\) Delays in the processing of M&A proposals with adverse comments may also be caused by other significant policy or supervisory issues raised in the application.
Table 4. Proposals from CBOs, volume and processing times (days) of approved proposals, 2014:H1, 2014:H2, and 2015:H1

<table>
<thead>
<tr>
<th>Proposals by applicant</th>
<th>2014:H1</th>
<th>2014:H2</th>
<th>2015:H1</th>
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<tr>
<td></td>
<td>Approved</td>
<td>Average</td>
<td>Median</td>
</tr>
<tr>
<td>Under $1 billion</td>
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<td></td>
<td></td>
</tr>
<tr>
<td>Change in control</td>
<td>66</td>
<td>67</td>
<td>52</td>
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<td>Federal Reserve membership</td>
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<td>16</td>
<td>15</td>
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<tr>
<td>FIRREA</td>
<td>82</td>
<td>12</td>
<td>7</td>
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<tr>
<td>Mergers and acquisitions</td>
<td>75</td>
<td>48</td>
<td>40</td>
</tr>
<tr>
<td>Branch establishment</td>
<td>37</td>
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<td>27</td>
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<tr>
<td>$1 billion–$10 billion</td>
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<tr>
<td>Change in control</td>
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</tr>
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<td>6</td>
</tr>
<tr>
<td>FIRREA</td>
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<tr>
<td>Mergers and acquisitions</td>
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