



BOARD OF GOVERNORS OF THE FEDERAL RESERVE SYSTEM
WASHINGTON, DC 20551

June 25, 2014

Denise L. Skingle, Esq.
Nationwide Mutual Insurance Company
Vice President and Associate General Counsel
One Nationwide Plaza, 1-32-201
Columbus, Ohio 43215-2220

Dear Ms. Skingle:

This is in response to your request on behalf of Nationwide Mutual Insurance Company, Nationwide Corporation, and Nationwide Financial Services, Inc. (collectively, “Nationwide”), all of Columbus, Ohio, for an exemption from a prohibition of the Depository Institution Management Interlocks Act (“Interlocks Act”)¹ and the Board’s Regulation LL.² Nationwide requests, under the general exemption provision of Regulation LL, that the Board permit Mr. Suku Radia to serve as a director of Nationwide while continuing to serve as a management official of BTC Financial Corporation, MidAmerica Financial Corporation, and Bankers Trust Company, all of Des Moines, Iowa, and Bankers Trust Company, Cedar Rapids, Iowa (collectively, “Bankers Trust”).

The Interlocks Act and Regulation LL prohibit a management official of a depository institution or depository holding company (“depository organization”) with total assets exceeding \$2.5 billion (or of any affiliate of such organization) from also serving, at the same time, as a management official of an unaffiliated depository organization with total assets exceeding \$1.5 billion (or of any affiliate of such organization), regardless of the location of the two depository organizations.³ Nationwide and Bankers Trust each have assets that exceed the applicable thresholds.

Under the general exemption provision of Regulation LL, the Board may permit an interlock that otherwise would be prohibited by the Interlocks Act if the Board

¹ 12 U.S.C. § 3201 *et seq.*

² 12 CFR part 238, subpart J.

³ 12 U.S.C. § 3203; 12 CFR 238.93(c).

determines that the interlock would not result in a monopoly or in a substantial lessening of competition and would not present safety and soundness concerns.⁴ The Board has delegated to its General Counsel, in consultation with the Director of the Division of Banking Supervision and Regulation (the “Director”), authority to grant exemptions under this provision of the Interlocks Act.

The proposed interlock between Nationwide and Bankers Trust would not result in a monopoly or in a substantial lessening of competition. In the relevant banking markets, there is no geographic overlap between the depository institutions controlled by these two firms.⁵ If the proposed interlock were evaluated as if Nationwide and Bankers Trust were merging, the increase in market concentration, as measured by the Herfindahl-Hirschman Index (“HHI”), and the combined market share in those markets would remain consistent with Board precedent and within the thresholds of the Department of Justice Bank Merger Competitive Review guidelines (“DOJ Guidelines”).⁶ In addition, numerous competitors would remain in the markets. The interlock also would not have any substantial effect on competition with respect to the nonbanking activities of Nationwide and Bankers Trust.

In addition, the interlock does not present safety and soundness concerns. Mr. Radia appears to have the background and experience to serve on the Nationwide boards.

Moreover, the interlock involves a relatively small banking organization, on the one hand, and a large organization predominately engaged in insurance activities that controls a relatively small depository institution, on the other. Nationwide seeks to

⁴ 12 CFR 238.96(a).

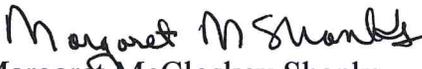
⁵ Bankers Trust maintains a home office in Des Moines, with 11 branches in the Des Moines metropolitan area. In addition, Bankers Trust has branches or operations in Ames and Cedar Rapids, Iowa; Phoenix, Arizona; Quincy, Illinois; Minneapolis, Minnesota; Omaha, Nebraska; and Sioux Falls, South Dakota. By contrast, Nationwide Bank has its home office in Columbus, Ohio, maintains two retail branches in the Columbus area and conducts its business primarily online.

⁶ See 49 Federal Register 26823 (1984). Under the DOJ Guidelines for bank mergers and acquisitions, a market is considered unconcentrated if the post-merger HHI is under 1000, moderately concentrated if the post-merger HHI is between 1000 and 1800, and highly concentrated if the post-merger HHI exceeds 1800. The Department of Justice has informed the Board that a bank merger or acquisition generally will not be challenged (in the absence of other factors indicating anticompetitive effects) unless the post-merger HHI is at least 1800 and the merger increases the HHI by more than 200 points.

appoint Mr. Radia to the Nationwide boards because of his experience as a management official at an organization supervised by the Board in order to assist Nationwide as it navigates its relatively new status as a Board-regulated entity. In light of Mr. Radia's tenure as an officer and director of a depository organization, his familiarity with Board supervision, and his public company accounting experience, Mr. Radia's service may help strengthen Nationwide's corporate governance function and help assist Nationwide in operating its subsidiary depository institution in a safe and sound manner. Mr. Radia would not serve on the board of the insured depository institution owned by Nationwide.

Based on all the facts of this case and for the reasons discussed above, the General Counsel, acting pursuant to authority delegated by the Board and after consultation with the Director, has granted an exemption to allow Mr. Radia to serve as a director of Nationwide while also serving as a management official of Bankers Trust.

Sincerely yours,


Margaret McCloskey Shanks
Deputy Secretary of the Board

cc: Allen Brown, Banking Supervisor
Federal Reserve Bank of Cleveland