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## Federal Reserve Issues Guidance on Noncontrolling Investments in Banking Organizations

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On September 22, 2008, the Board of Governors of the Federal Reserve System (the Board) released a Policy Statement (the New Policy Statement) on non-controlling equity investments in banks and bank holding companies (banking organizations). The New Policy Statement provides additional guidance on the Board's position on equity investments that generally would not be viewed as "control," and therefore would not cause an investor to become a bank holding company subject to restrictions and regulation under the Bank Holding Company Act (the BHC Act). The clarification is a relaxation of the restrictions the Board has traditionally required of minority investments in banking organizations, particularly restrictions on board representation and ownership. For more on the New Policy Statement, [see our Recent Email Alert](#).