



April
25th
1986

Dana Abrahamson, Esq.
Federal Trade Commission
Room 301
600 Pennsylvania Avenue, N.W.
Washington, DC 20580

Dear Dana:

This will confirm the advice that you gave me by telephone this morning. I described the following hypothetical situation. Bank A proposes to acquire all of the stock of Bank Holding Company. Bank Holding Company has four wholly owned subsidiaries, a bank ("BankSub") and three non-bank operating subsidiaries (the "Subsidiaries"). The acquisition of the stock of Bank Holding Company and BankSub is subject to approval under Section 3 of the Bank Holding Company Act and is thus exempt from pre-merger notification requirements under Section 7A(c)(7) of the Hart-Scott-Rodino Act (the "Act"). The indirect acquisition of all of the stock of the Subsidiaries is subject to approval under Section 4(c) of the Bank Holding Company Act and would thus require an informational filing under Section 7A(c)(8) if separately reportable under the Act.

You have advised me that the indirect acquisition of the stock of the Subsidiaries is analyzed as a separate stock acquisition by analogy to the CAB rule of Section 802.6(b). Under that analysis, for purposes of determining the size of the parties, the acquired person is Bank Holding Company. For purposes of the 15% size-of-transaction test, the acquired person is the issuer (see Section 801.12); hence, in this case, the 15% size-of-transaction test is met because 100% of the voting securities of each of three issuers is being acquired. For purposes of the \$15 million size-of-transaction test, the acquired person is the ultimate parent entity (Bank Holding Company) and all persons included within it; hence, the aggregate value of voting securities of the acquired person to be held as a result of the acquisition is determined by aggregating the value of the stock of each of the Subsidiaries. The value of the stock of BankSub is excluded from the aggregation under Section 801.15.

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Finally, if the aggregate value of the Subsidiaries' stock is \$15 million or less, the minimum dollar value test of Section 802.20(b) is applied to each Subsidiary/issuer on a disaggregate basis. Thus, if the aggregate value of Subsidiary stock is \$15 million or less and no Subsidiary has annual net sales or total assets of \$25 million, the indirect acquisition of Subsidiary stock will not be reportable and no informational filing will be required.

If the foregoing does not accurately reflect your advice, please let me know.

As always, I greatly appreciate your assistance.

With best regards.

Sincerely,

