

**FEDERAL RESERVE BANK OF SAN FRANCISCO**  
**101 MARKET STREET, SAN FRANCISCO, CALIFORNIA 94105**

September 10, 2003

**BANKING SUPERVISION AND REGULATION:**  
**REQUEST FOR COMMENT: ANTI-TYING RESTRICTIONS**

To State Member Banks, Bank  
Holding Companies, U.S. Branches  
and Agencies of Foreign Banks,  
and Others Concerned,  
in the Twelfth Federal Reserve District

**Request for Comment on Anti-Tying Restrictions (R-1159 and OP-1158)**

The Federal Reserve Board is requesting public comment on an official interpretation of the anti-tying restrictions in section 106 of the Bank Holding Company Act Amendments of 1970 and related supervisory guidance. Comment is requested by September 30, 2003.

Section 106 generally prohibits a bank from conditioning the availability or price of one product on a requirement that the customer also obtain another product from the bank or an affiliate. The Board's proposed interpretation of section 106 gives banking organizations and their customers a comprehensive guide to the special anti-tying restrictions applicable to banks under section 106. The related supervisory guidance describes the types of policies and procedures that should help banks ensure and monitor their compliance with section 106.

The Board also is proposing to adopt an exception under section 106 for the financial subsidiaries of state nonmember banks. The exception would treat financial subsidiaries of state nonmember banks, like financial subsidiaries of national and state member banks under current law, as an affiliate (and not a subsidiary) of the parent bank for purposes of section 106.

The proposed interpretation, supervisory guidance, and financial subsidiary exception will be published in the *Federal Register*.

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**Additional Information**

All circulars and documents are available on the Internet through the Federal Reserve Bank of San Francisco's Internet site, at <http://www.frbsf.org/banking/letters>. Paper copies of the Board's

notices (Dockets [R-1159](#) and [OP-1158](#)) are available from our Corporate Services Department. To request copies to be sent by mail, please call (415) 974-2060.

For additional information about the anti-tying restrictions please contact our Banking Supervision and Regulation Department at (415) 974-3007.

FEDERAL RESERVE BANK OF SAN FRANCISCO

Attachments:

[Docket R-1159](#)

[Docket OP-1158](#)