

FEDERAL RESERVE press release



February 21, 2002

The Federal Reserve Board on Thursday announced that it would not apply section 9 of the Federal Reserve Act to prohibit a state member bank from acquiring equity securities to hedge the bank's customer-driven equity derivative transactions if such purchases are made in accordance with the conditions and restrictions applicable to national banks.

Any state member bank that seeks to acquire equity securities to hedge the bank's equity derivative transactions must receive the prior approval of the Board's Director of Banking Supervision and Regulation. In addition, a state member bank may engage in equity hedging activities only to the extent permitted by state law, and the bank must comply with any applicable state notice or approval requirements.