

## **Mutual Alert**

*AMB Leadership Meets with Federal Reserve Board Vice Chairman for Supervision Randal Quarles*



L to R: Ponce Bank Mutual Holding Company CEO Carlos Naudon, Federal Reserve Board Vice Chairman Quarles, AMB Washington Director Douglas Faucette, First Mutual Holding Company CEO Thomas Fraser

Messrs. Fraser, Naudon, and Faucette met at the Federal Reserve Board's Washington D.C. headquarters Monday, September 30, 2019, with Board Vice Chairman for Supervision Randal Quarles to discuss timely issues of interest to our members who are organized in the mutual and the Mutual Holding Company form. Doug Faucette thanked Governor Quarles for his time and interest in the range of issues that are peculiar to mutual institutions. He explained the special commitment of mutual organizations to their community and the unique role of AMB in highlighting their issues for the various government regulatory agencies. Tom Fraser gave a brief explanation of his organization and the benefits of governing multiple institutions under the MHC umbrella. The group discussed the need for Federal Reserve Board guidance that would facilitate collaboration among mutuals and the benefits of MHCs providing various management, compliance, and technology skills to smaller mutual banks.

The group also noted the unique status of MHCs as the only holding companies actually chartered by the Federal Reserve Board. They suggested that it would be helpful if the Board provided guidance as to the significance of the federal charter in situations where state regulators may expressly or impliedly assert jurisdiction on operational matters traditionally the province of federal bank regulation. There was further discussion of the desire for final action on a number of temporary regulations now that there is sufficient experience to guide the Board in adopting refinements to those regulations. For example, the group discussed the small bank holding company capital policy statement and the need to clarify the eligibility of MHCs to rely on the capital exemption even though they may have registered securities. Carlos Naudon pointed out the expense of the dividend waiver member approval requirement for grandfathered MHCs. Doug Faucette complimented the Vice Chairman on his role in attempting to codify the Board's various interpretations of the Reg. Y control definitions and suggested it would be similarly helpful to clarify Federal Reserve Board interpretations in a number of areas affecting MHCs. Messrs. Fraser and Naudon both suggested that the Board designate a central source of information and expertise within the Board that could be relied upon by both MHCs and the regional staff.

Vice Chairman Quarles was very receptive and demonstrated an informed understanding of the technical aspects of the various matters discussed. He seemed to acknowledge at several points in the conversation that some of the matters discussed deserved more consideration. Of course he was non-committal on any particular issue but the group left the meeting convinced that mutual banks and MHCs benefited from increasing the Board's awareness of their concerns.