Governors. Comments must be received not later than September 5, 1996.

A. Federal Reserve Bank of Minneapolis (James M. Lyon, Vice President) 250 Marquette Avenue, Minneapolis, Minnesota 55480:

1. Mark Thomas Olson, Starbuck, Minnesota; to acquire an additional 27.4 percent of the voting shares of Starbuck Bancshares, Inc., Starbuck, Minnesota, and thereby indirectly acquire First National Bank of Starbuck, Starbuck, Minnesota.

B. Federal Reserve Bank of San Francisco (Kenneth R. Binning, Director, Bank Holding Company) 101 Market Street, San Francisco, California 94105):

1. Mutual Series Fund, Inc., Short Hills, New Jersey; to acquire up to 24.9 percent of the voting shares of Monarch Bancorp, Laguna Niguel, California, and thereby indirectly acquire Monarch Bank, Laguna Niguel, California, and Western Bank, Los Angeles, California. Comments must be received not later than August 30, 1996.

Board of Governors of the Federal Reserve System, August 12, 1996.

Jennifer J. Johnson,

Deputy Secretary of the Board.

[FR Doc. 96–20905 Filed 8-15-96; 8:45 am]

BILLING CODE 6210-01-F

Formations of, Acquisitions by, and Mergers of Bank Holding Companies

The companies listed in this notice have applied to the Board for approval, pursuant to the Bank Holding Company Act of 1956 (12 U.S.C. 1841 *et seq.*) (BHC Act), Regulation Y (12 CFR Part 225), and all other applicable statutes and regulations to become a bank holding company and/or to acquire the assets or the ownership of, control of, or the power to vote shares of a bank or bank holding company and all of the banks and nonbanking companies owned by the bank holding company, including the companies listed below.

The applications listed below, as well as other related filings required by the Board, are available for immediate inspection at the Federal Reserve Bank indicated. Once the application has been accepted for processing, it will also be available for inspection at the offices of the Board of Governors. Interested persons may express their views in writing on the standards enumerated in the BHC Act (12 U.S.C. 1842(c)). If the proposal also involves the acquisition of a nonbanking company, the review also includes whether the acquisition of the nonbanking company complies with the standards in section 4 of the BHC Act, including whether the acquisition of the nonbanking company can ''reasonably be expected to produce benefits to the public, such as greater convenience, increased competition, or gains in efficiency, that outweigh possible adverse effects, such as undue concentration of resources, decreased or unfair competition, conflicts of interests, or unsound banking practices'' (12 U.S.C. 1843). Any request for a hearing must be accompanied by a statement of the reasons a written presentation would not suffice in lieu of a hearing, identifying specifically any questions of fact that are in dispute, summarizing the evidence that would be presented at a hearing, and indicating how the party commenting would be aggrieved by approval of the proposal. Unless otherwise noted, nonbanking activities will be conducted throughout the United States.

Unless otherwise noted, comments regarding each of these applications must be received at the Reserve Bank indicated or the offices of the Board of Governors not later than September 9, 1996.

A. Federal Reserve Bank of Philadelphia (Michael E. Collins, Senior Vice President) 100 North 6th Street, Philadelphia, Pennsylvania 19105:

1. Keystone Financial, Inc., Harrisburg, Pennsylvania; to acquire 100 percent of the voting shares of Keystone National Bank, Lancaster, Pennsylvania.

Board of Governors of the Federal Reserve System, August 12, 1996.

Jennifer J. Johnson

Deputy Secretary of the Board

[FR Doc. 96–20904 Filed 8-15-96; 8:45 am]

BILLING CODE 6210-01-F

Notice of Proposals to Engage in Permissible Nonbanking Activities or to Acquire Companies that are engage in Permissible Nonbanking Activities

Barclays PLC and Barclays Bank, PLC, both of London, England (together, ''Notificants''), have applied for Board approval pursuant to section 4(c)(8) of the Bank Holding Company Act (12 U.S.C. § 1843(c)(8)) (''BHC Act'') and section 225.23(a) of the Board's Regulation Y (12 CFR 225.23(a)) to engage *de novo* through their indirect wholly-owned subsidiary, BZW Securities Inc., New York, New York (''Company''), in the following nonbanking activities:

(1) making, acquiring, servicing and arranging for the purchase and sale of loans and other extensions of credit;

(2) underwriting and dealing to a limited extent in all types of equity securities that a state member bank may not underwrite and deal in (''bank-ineligible securities''), except ownership interests in open-end investment companies;

(3) acting as agent in the private placement of all types of securities;

(4) buying and selling all types of debt and equity securities on the order of customers as ''riskless principal''; and

(5) executing and clearing, executing without clearing, clearing without executing, and providing related advisory services with respect to futures and options on financial and nonfinancial commodities. Company would engage in the proposed activities on a worldwide basis.

The Board previously has determined that each of the proposed activities is closely related to banking. *See*, e.g., 12 CFR 225.25(b)(1); *J.P. Morgan & Co. Incorporated, et. al.*, 75 Federal Reserve Bulletin 192 (1989) (underwriting and dealing in all types of equity securities) (''*Morgan Order*''); *Bankers Trust New York Corp.*, 75 Federal Reserve Bulletin 829 (1989) (acting as private placement agent); *The Bank of New York Company, Inc.*, 82 Federal Reserve Bulletin — (Order dated June 10, 1996) (acting as riskless principal); *J.P. Morgan & Co. Incorporated*, 80 Federal Reserve Bulletin 151 (1994) (executing, clearing, and offering advisory services with respect to futures and options on futures on commodities). Except as noted below, Notificants would conduct these activities in accordance with Regulation Y and the Board's prior orders involving these activities.

In conjunction with the proposal, Notificants have sought relief from two of the conditions established by the Board in permitting nonbank subsidiaries of a bank holding company (''Section 20 subsidiaries'') to underwrite and deal in bank-ineligible securities and from a commitment that the Board has relied upon in authorizing bank holding companies to engage in riskless principal activities. Specifically, notificants have asked for relief from the prohibition on personnel interlocks between a Section 20 subsidiary and any of its bank or thrift affiliates (''affiliated banks'') and the restriction on cross-marketing and agency activities by affiliated banks on behalf of a Section 20 subsidiary. They also have asked to be relieved from the prohibition on bank holding companies acting as riskless principal for registered investment company securities.

In its orders authorizing bank holding companies to underwrite and deal in bank-ineligible securities (''Section 20 Orders''), the Board previously has relied upon the condition that there be no officer, director, or employee interlocks between the Section 20

subsidiary and any of its affiliated banks. In the past, the Board has granted limited exceptions to this condition to permit (a) two non-officer, directors of the Section 20 subsidiary to serve as non-officer, directors of the affiliated banks; (b) one officer of the Section 20 subsidiary to serve as an officer of an affiliated bank; and (c) limited numbers of employees of foreign subsidiaries of a bank to serve also as employees of the Section 20 subsidiary. *See. e.g., KeyCorp*, 82 Fed. Res. Bull. 359 (1996); *The Chase Manhattan Corp.*, 80 Federal Reserve Bulletin 731 (1994).

Notificants have requested that the Board allow (a) unlimited director interlocks so long as a majority of the board of Company would not be composed of persons who are directors, officers, or employees of any affiliated bank, branch, or agency; and (b) up to five officers of a branch or agency to serve as officers of Company provided that such officers would not be managers of a branch and that such officers would not be the chief executive officer of Company or, as officers of Company, be responsible for its activities as underwriter or dealer in bank-ineligible securities. Notificants contend that these interlocks would not result in any lessening of the insulation of the affiliated banks from the Section 20 subsidiary and would improve effective and efficient management of Notificants' affiliates.

The Board's Section 20 Orders also prohibit an affiliated bank from acting as agent for, or engaging in marketing activities on behalf of, a Section 20 subsidiary. *See, e.g., Morgan Order.* Notificants request that this prohibition be modified to permit Notificants' affiliated banks and U.S. branches and agencies to act as agent for and engage in marketing activities on behalf of Company to persons who would qualify as ''accredited investors'' under Securities and Exchange Commission Regulation D (17 CFR § 230.501).

Notificants maintain that the requested modification would not result in any adverse effects, such as increased customer confusion or lessening the insulation of insured banks and deposit-taking offices from the underwriting and dealing activities of the Section 20 subsidiary, because other regulatory and statutory restrictions would remain in place to prevent such effects. Notificants also contend that the cross-marketing and agency prohibition disserves customers, who are prevented from learning about products and services just because they are offered by a section 20 subsidiary. Notificants further note that the Board previously has permitted other limited cross marketing activities. *See, e.g., Letter Interpreting Section* 20 Orders, 81 Federal Reserve Bulletin 198 (1995) (permitting cross-marketing of bank-eligible securities); *BankAmerica Corporation*, 80 Federal Reserve Bulletin 1104 (1194) (permitting Regulation K subsidiaries of a domestic bank to market, subject to certain conditions, the services and securities of their Section 20 subsidiary).

Finally, in authorizing bank holding companies to engage in riskless principal activities under section 4(c)(8) of the BHC Act, the Board has relied on a commitment that the bank holding company not act as riskless principal for registered investment company securities or for any securities of investment companies that are advised by the bank holding company. Notificants seek a limited modification of this restriction to permit Company to act as riskless principal in transactions involving securities of all registered investment companies, other than investment companies advised by Notificants or any of their affiliates. The Board also has before it proposals from other bank holding companies to engage in this riskless principal activity. *See* 61 Federal Register 31,942 (1996); *id*. at 37,480.

In publishing this proposal for comment, the Board does not take a position on the issues raised by the notice. Notice of the proposal is published solely to seek the views of interested parties on the issues presented and does not represent a determination by the Board that the proposal meets, or is likely to meet, the standards of the BHC Act.

Notificants' proposal is available for immediate inspection at the Federal Reserve Bank of New York and the offices of the Board in Washington, D.C. Interested persons may express their views on the proposal in writing, including on whether the proposed activities ''can reasonably be expected to produce benefits to the public, such as greater convenience, increased competition, or gains in efficiency, that outweigh possible adverse effects, such as undue concentration of resources, decreased or unfair competition, conflicts of interests, or unsound banking practices.'' 12 U.S.C. § 1843(c)(8). Any request for a hearing on this notice must, as required by section 262.3(e) of the Board's Rules of Procedure (12 CFR 262.3(e)), be accompanied by a statement of the reasons why a written presentation would not suffice in lieu of a hearing, identifying specifically any questions of fact that are in dispute, summarizing the evidence that would be presented at a hearing, and indicating how the party commenting would be aggrieved by approval of the proposal.

Comments regarding the notice must be received not later than August 30, 1996, at the Reserve Bank indicated or to the attention of William W. Wiles, Secretary, Board of Governors of the Federal Reserve System, 20th Street and Constitution Avenue, N.W., Washington, D.C. 20551.

Board of Governors of the Federal Reserve System, August 12, 1996.

Jennifer J. Johnson

Deputy Secretary of the Board

[FR Doc. 96–20902 Filed 8-15-96; 8:45–am]

BILLING CODE 6210-01-F

Notice of Proposals to Engage in Permissible Nonbanking Activities or to Acquire Companies that are Engaged in Permissible Nonbanking Activities

The companies listed in this notice have given notice under section 4 of the Bank Holding Company Act (12 U.S.C. 1843) (BHC Act) and Regulation Y, (12 CFR Part 225) to engage *de novo*, or to acquire or control voting securities or assets of a company that engages either directly or through a subsidiary or other company, in a nonbanking activity that is listed in § 225.25 of Regulation Y (12 CFR 225.25) or that the Board has determined by Order to be closely related to banking and permissible for bank holding companies. Unless otherwise noted, these activities will be conducted throughout the United States.

Each notice is available for inspection at the Federal Reserve Bank indicated. Once the notice has been accepted for processing, it will also be available for inspection at the offices of the Board of Governors. Interested persons may express their views in writing on the question whether the proposal complies with the standards of section 4 of the BHC Act, including whether consummation of the proposal can ''reasonably be expected to produce benefits to the public, such as greater convenience, increased competition, or gains in efficiency, that outweigh possible adverse effects, such as undue concentration of resources, decreased or unfair competition, conflicts of interests, or unsound banking practices'' (12 U.S.C. 1843). Any request for a hearing on this question must be accompanied by a statement of the reasons a written presentation would not suffice in lieu of a hearing, identifying specifically any questions of fact that are in dispute, summarizing the evidence that would be presented at a hearing, and indicating how the party