

OFFICE OF THRIFT SUPERVISION

Application Requesting Exemption Under The Depository Institution Management Interlocks Regulations

Order No.: 2006-42
Date: November 13, 2006
Docket Nos.: H-3304, 15685

The Office of Thrift Supervision (OTS) has reviewed an application (Application) requesting an exemption under the Depository Institution Management Interlocks Act (Act) and 12 C.F.R. § 563f.4(h) of OTS's management interlocks regulations (Interlocks Regulations) on behalf of Crandall C. Bowles (Individual), regarding the Individual's proposal to continue her current service as a member of the board of directors of Deere & Co. (Deere), Moline, Illinois, and also commence service as a director of JPMorgan Chase & Co. (JPMorgan), New York, New York.

Deere is a diversified savings and loan holding company. JPMorgan is a bank holding company. The Act and 12 C.F.R. § 563f.3(c) prohibit a management official of a savings and loan holding company or a bank holding company (or any affiliate thereof) from simultaneously serving as a management official of an unaffiliated depository organization (or any affiliate thereof), regardless of where the depository organizations are located, if one of the depository organizations has total assets in excess of \$2.5 billion and the other has total assets in excess of \$1.5 billion. For the purpose of calculating the total assets of a diversified savings and loan holding company, only the assets of its depository institution affiliates are considered. Deere's savings association subsidiary has total assets in excess of \$1.5 billion and JPMorgan's total assets exceed \$2.5 billion. Therefore, absent an exemption, the interlock would be prohibited under the Act and 12 C.F.R. § 563f.3(c).

Deere has requested that OTS grant an exemption for the proposed interlock under 12 C.F.R. § 563f.4(h), which implements 12 U.S.C. § 3204(8).¹ Section 563f.4(h) provides that OTS may disapprove the filing if it finds that (i) the dual service cannot be structured or limited so as to preclude an anticompetitive effect in financial services in any part of the United States, (ii) the dual service would lead to substantial conflicts of interest or unsafe unsound practices, or (iii) the notificant has failed to furnish information required by OTS. Section 563f.4(h)(3) provides that OTS may terminate any interlock permitted under § 563f.4(h) upon a change of circumstances for one of the interlocking depository organizations that would have provided a basis for disapproval of the filing.

In analyzing the competitive effects of a proposed interlock, OTS considers the product lines of the entities involved and the market areas in which they compete to

¹ JPMorgan has received approval for this interlock from the Board of Governors of the Federal Reserve System (FRB) pursuant to 12 C.F.R. § 212.4(h), the FRB regulation implementing § 3204(8).

determine whether the proposed interlock would create a monopoly or substantially lessen competition. In doing so, OTS generally applies the Department of Justice Guidelines for reviewing horizontal mergers.

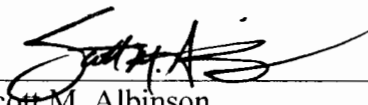
Competition exists between Deere and JPMorgan (or their affiliates) with respect to deposits, commercial finance, small business lending, and credit cards and consumer finance.

OTS has considered the market shares of Deere and JPMorgan (and their affiliates) in each relevant product and geographic market. OTS has determined, based on the level of concentration in the respective markets, the ease of entry into certain of those markets and the market shares of the relevant entities, that the proposed interlock would not have an anticompetitive effect on financial services in any part of the United States.

There is nothing in the Application that suggests that the Individual's dual service would lead to substantial conflicts of interest. Deere's savings association subsidiary is operating safely and soundly, and the FRB has approved the interlock. OTS concludes that the interlock presents no supervisory problems. Finally, the Application includes the information requested by OTS.

Based on the Application and the foregoing analysis, OTS concludes that the Individual's continuing service as a director of Deere while also serving as a director of JPMorgan meets the applicable approval criteria. Accordingly, the Application is hereby approved.

By order of the Director of the Office of Thrift Supervision, or his designee, effective October 13, 2006.



Scott M. Albinson
Managing Director
Office of Examinations, Supervision and
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