

OFFICE OF THRIFT SUPERVISION

Application Requesting Exemption Under The Depository Institution Management Interlocks Regulations

Order No.: 2005-45
Date: November 3, 2005
Docket No.: H-2642, H-3231

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.6(a) of OTS's management interlocks regulations on behalf of Erskine B. Bowles (Individual), regarding the Individual's proposed service as a member of the board of directors of Morgan Stanley, New York, New York (Morgan), while he serves as a director of General Motors Corporation, Detroit, Michigan (GM). Both Morgan and GM are savings and loan holding companies that control federal savings associations, respectively, Morgan Stanley Trust, Jersey City, New Jersey, and GMAC Bank, Greenville, Delaware.

The Individual is currently a director of GM, and proposes to serve as a director of Morgan. He is not a management official of any subsidiaries of GM and does not propose to serve as a management official of any subsidiaries of Morgan.

The Act and 12 C.F.R. § 563f.3(c) prohibit a management official of a depository organization (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 in question has total assets in excess of \$2.5 billion and the other depository organization has total assets in excess of \$1.5 billion. The proposed management interlock is subject to this prohibition.

Pursuant to section 563f.6(a), OTS may grant an exemption for an otherwise prohibited interlock if it determines that the interlock would not result in a monopoly or substantial lessening of competition, or threaten safety and soundness. 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 determine whether the proposed interlock would create a monopoly or substantially lessen competition. In doing so, OTS generally applies Department of Justice Guidelines for reviewing horizontal mergers.

Morgan and GM, through their subsidiary depository institutions and other affiliates, provide a broad range of financial services, including deposits, residential mortgage lending, commercial real estate lending, other commercial lending (including small business lending), warehouse lending, and trust services. Competition exists

between Morgan and GM (or their affiliates) in national or local geographic markets with respect to most of the foregoing product markets.

OTS has considered the market shares of Morgan and GM (and their affiliates) in each of several product markets and submarkets, including deposits, residential mortgage lending, commercial real estate lending, other commercial lending (including small business lending), investment advisory services, warehouse lending and trust services. With respect to each product market and relevant geographic market, OTS has determined, based on the level of concentration in the respective markets and the market shares of Morgan and GM, that the proposed interlock would not create a monopoly or substantially diminish competition.

OTS has evaluated the proposed interlock from a supervisory perspective, and has concluded that the interlock will not present safety and soundness concerns.

Based on the Application and the foregoing analysis, OTS concludes that the Individual's proposed service as a director of Morgan while serving as a director of GM 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 November 3, 2005.



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