

# US regulators call for public hearings on Canadian banks' acquisitions

Article

**The news:** The Federal Reserve Board and the Office of the Comptroller of the Currency (OCC) will convene virtual public hearings to gather feedback on the Bank of Montreal's

(BMO's) proposed acquisition of California-based **Bank of the West**, and TD Bank's plan to acquire Tennessee-based **First Horizon Corporation**.

The regulators will host the [hearing on BMO](#) on July 14, and the [hearing on TD Bank](#) on August 18. The deadlines to register for these events are June 23 and July 28, respectively.

**What's the purpose?** The regulators are seeking oral testimony on the main areas they review in pending mergers and acquisitions:

- The effect on local communities and the banks' performance under the [Community Reinvestment Act \(CRA\)](#).
- The impact on competition in their markets
- How the deals affect the stability of the US financial system
- The internal resources and future prospects of banks
- The effectiveness of the banks' AML efforts

**How we got here:** A [similar, previous public meeting](#)—held on March 8 to discuss **U.S. Bank's proposed takeover** of **MUFG Union Bank**—was the first of its kind since 2019, when two meetings were held for the tie-up of **BB&T** and **SunTrust** that led to the creation of Truist, per American Banker.

- That March 8th meeting [ran for nearly eight hours](#), ending with an extension of the period for comments.
- To assuage remaining concerns about the deal, U.S. Bank recently [pledged a five-year, \\$100 billion community benefits plan](#).
- The U.S. Bank/MUFG deal nevertheless remains a work in progress—its planned closing date [was just moved ahead](#) to the second half of 2022.

It's unclear whether these public hearings will become routine or what level of opposition or deal value might lead regulators to call them. The **M&T Bank** and **People's United** merger received [final regulatory clearances](#) on March 4 of this year without a public hearing, as did the much smaller deal between **Valley National Bank** and the US branch of **Bank Leumi**.

**A backlog of deals:** As of this writing, the Fed [listed](#) 189 mergers and acquisitions filed for approval. The smaller deals have been moving along through the review process at a regular clip, Forbes [reported](#). And S&P Global [found](#) that from March 2021 to March 2022, **US bank**

- deals took a median of 140 days to close—but larger deals have waited longer for Fed approval.
- Data compiled by the law firm Janney Montgomery Scott, cited by Forbes, showed that **acquisitions with deal values of more than \$500 million have taken, on average, 260 days to close** this year.
  - The timing for deals valued between \$100 million and \$500 million increased by roughly 20%, to about 180 days—a little more than a month longer than the median.

**What's next?** In the longer term, regulators pushing for heightened scrutiny of deals and reviews prolonged by public hearings aren't likely to have a chilling effect on M&A activity.

The slowdown in dealmaking during Q1 was an understandable reaction to a rough economy and Russia's invasion of Ukraine. **The growth imperative isn't going away.** In pursuit of economies of scale and portfolio expansion, banks will continue to navigate whatever obstacle course the regulatory agencies set up for them. Especially now, when lots of distressed assets may soon become available to build up their capabilities and expand their ecosystems.

