

Federal Reserve

Monday
May 13, 1996

Part LVI

Federal Reserve System

Semiannual Regulatory Agenda

FEDERAL RESERVE SYSTEM (FRS)

FEDERAL RESERVE SYSTEM

12 CFR Ch. II

Semiannual Regulatory Flexibility Agenda

AGENCY: Board of Governors of the Federal Reserve System.

ACTION: Semiannual regulatory agenda.

SUMMARY: The Board is issuing this agenda under the Regulatory Flexibility Act and the Board's Statement of Policy Regarding Expanded Rulemaking Procedures. The Board anticipates having under consideration regulatory matters as indicated below during the period April 1 through October 1, 1996. The next semiannual agenda will be published in October 1996.

DATES: Comments about the form or content of the agenda may be submitted any time during the next 6 months.

ADDRESSES: Comments should be addressed to William W. Wiles, Secretary of the Board, Board of Governors of the Federal Reserve System, Washington, DC 20551.

FOR FURTHER INFORMATION CONTACT: A staff contact for each item is indicated with the regulatory description below.

SUPPLEMENTARY INFORMATION: The Board is publishing its April 1996 agenda as part of the April 1996 Unified Agenda of Federal Regulations, which is coordinated by the Office of Management and Budget under Executive Order 12866. Participation by the Board in the Unified Agenda is on a voluntary basis.

The Board's agenda is divided into three sections. The first, Proposed Rule Stage, reports on matters the Board may consider for public comment during the next 6 months. The second section, Final Rule Stage, reports on matters that have been proposed and are under Board consideration. A third section, Completed Actions, reports on regulatory matters the Board has completed or is not expected to consider further. Matters begun and completed between issues of the agenda have not been included.

A dot (●) preceding an entry indicates a new matter that was not a part of the Board's previous agenda and which the Board has not completed.

Barbara R. Lowrey,
Associate Secretary of the Board.

Proposed Rule Stage

Sequence Number	Title	Regulation Identifier Number
4309	Regulation: E—Electronic Fund Transfers	7100-AC06
4310	Regulation: H—Membership of State Banking Institutions in the Federal Reserve System; and Regulation: Y—Bank Holding Companies and Change in Bank Control	7100-AB39
4311	Regulation: H—Membership of State Banking Institutions in the Federal Reserve System; and Regulation: Y—Bank Holding Companies and Change in Bank Control	7100-AB41
4312	Regulation: H—Membership of State Banking Institutions in the Federal Reserve System; and Regulation: Y—Bank Holding Companies and Change in Bank Control (Docket Number: R-0835)	7100-AB77
4313	Regulation: H—Membership of State Banking Institutions in the Federal Reserve System; and Regulation: Y—Bank Holding Companies and Change in Bank Control	7100-AB87
4314	Section 303 Regulatory Review	7100-AC09

Final Rule Stage

Sequence Number	Title	Regulation Identifier Number
4315	Regulation: B—Equal Credit Opportunity (Docket Number: R-0876)	7100-AB99
4316	Regulation: E—Electronic Fund Transfers (Docket Number: R-0830)	7100-AA77
4317	Regulation: H—Membership of State Banking Institutions in the Federal Reserve System (Docket Number: R-0897)	7100-AB86
4318	Regulation: H—Membership of State Banking Institutions in the Federal Reserve System (Docket Number: R-0909)	7100-AC07
4319	Regulation: H—Membership of State Banking Institutions in the Federal Reserve System; Regulation: Y—Bank Holding Companies and Change in Bank Control (Docket Numbers: R-0884 and R-0886)	7100-AC01
4320	Regulation: K—International Banking Operations (Docket Number: R-0916)	7100-AB88
4321	Regulation: K—International Banking Operations (Docket Number: R-0911)	7100-AB89
4322	Regulation: L—Management Official Interlocks (Docket Number: R-0907)	7100-AB90
4323	Regulation: M—Consumer Leasing (Docket Number: R-0892)	7100-AB74
4324	Regulation: S—Reimbursement for Providing Financial Records; Recordkeeping Requirements for Certain Financial Records (Docket Number: R-0888)	7100-AC03
4325	Regulation: S—Reimbursement for Providing Financial Records; Recordkeeping Requirements for Certain Financial Records (Docket Number: R-0906)	7100-AC10
4326	Regulation: T—Credit by Brokers and Dealers (Docket Number: R-0772)	7100-AB28
4327	Regulation: U—Credit by Banks for the Purpose of Purchasing or Carrying Margin Stocks (Docket Number: R-0905)	7100-AB65

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Final Rule Stage (Continued)

Sequence Number	Title	Regulation Identifier Number
4328	Regulation: Y—Bank Holding Companies and Change in Bank Control (Docket Number: R-0868)	7100-AB95
4329	Regulation: DD—Truth in Savings (Docket Number: R-0836 and Docket Number: R-0869)	7100-AB80
4330	Federal Reserve Bank Book-Entry Securities Transfer Services (Docket Number: R-0866)	7100-AB97
4331	Federal Reserve Payments System Risk Policy (Docket Number: R-0889)	7100-AC04
4332	Risk-Based Capital Standards: Interest Rate Risk (Docket Number: R-0802)	7100-AB50
4333	Rules of Practice for Hearings (Docket Number: R-0878)	7100-AC05
4334	Section 23A of the Federal Reserve Act (Docket Number: R-0902)	7100-AC08
4335	Standards for Safety and Soundness (Docket Number: R-0766)	7100-AB52
4336	Ten Percent Revenue Limit on Bank-Ineligible Activities of Subsidiaries of Bank Holding Companies (Docket Number: R-0841)	7100-AB82

Completed Actions

Sequence Number	Title	Regulation Identifier Number
4337	Reg.: H—Membership of State Banking Institutions in F.R.S.; Reg.: K—International Banking Operations; and Reg.: Y—Bank Holding Companies and Change in Bank Control (Docket No.:R-0885)	7100-AC00
4338	Regulation: H—Membership of State Banking Institutions in the Federal Reserve System; and Regulation: Y—Bank Holding Companies and Change in Bank Control (Docket Number: R-0849)	7100-AB92
4339	Regulation: K—International Banking Operations (Docket Number: R-0754)	7100-AB31
4340	Regulation: K—International Banking Operations (Docket Number: R-0862)	7100-AB58
4341	Regulation: K—International Banking Operations (Docket Number: R-0896)	7100-AC02
4342	Regulation: L—Management Official Interlocks (Docket Number: R-0825)	7100-AB72

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Proposed Rule Stage

4309. • REGULATION: E—ELECTRONIC FUND TRANSFERS

Priority: Substantive, Nonsignificant

Legal Authority: 15 USC 1693 et seq

CFR Citation: 12 CFR 205

Legal Deadline: None

Abstract: In 1994, the Board issued a proposed comprehensive revision to Regulation E under the Board's Regulatory Planning and Review Program (Docket Number: R-0830; RIN: 7100-AA77). In the proposal, the Board also requested comment on whether Regulation E should apply to stored-value cards. Stored-value cards (also known as prepaid cards) maintain, typically in a computer chip or magnetic strip, a "stored value" of funds available to the cardholder. The balance recorded on the card is debited at a merchant's terminal when the cardholder makes a purchase. Many persons commenting on the 1994 proposal asked the Board to consider proposing an exemption from Regulation E, or modifications in

regulatory requirements under Regulation E, for stored-value cards and other stored-value devices.

In the 1994 proposed revision, the Board also requested comment on a proposed amendment that would permit electronic debits to an account to be authorized in electronic form, such as by personal computer and modem. Commenters asked the Board to consider proposing to permit electronic communications to substitute generally for oral or written communications required under Regulation E.

Finally, commenters on the 1994 proposal requested that the Board consider proposing extension of the error resolution time limits under Regulation E for new accounts to avoid the possibility of fraud.

Within the next two months, the Board will consider issuing for public comment a proposal on these subjects. The proposal is part of the Board's overall review of its regulations as

required by section 303 of the Riegle Community Development and Regulatory Improvement Act of 1994. It is not expected that any proposed amendment would have a significant economic impact on small institutions.

Timetable:

Action	Date	FR Cite
Board is expected to consider a proposal within the next two months	04/00/96	

Small Entities Affected: None

Government Levels Affected: None

Agency Contact: John C. Wood, Senior Attorney, Federal Reserve System, Division of Consumer and Community Affairs
Phone: 202 452-2412

RIN: 7100-AC06

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4310. REGULATION: H—MEMBERSHIP OF STATE BANKING INSTITUTIONS IN THE FEDERAL RESERVE SYSTEM; AND REGULATION: Y—BANK HOLDING COMPANIES AND CHANGE IN BANK CONTROL**Priority:** Substantive, Nonsignificant**Legal Authority:** 12 USC 1831m**CFR Citation:** 12 CFR 208; 12 CFR 225**Legal Deadline:** Final, Statutory, January 3, 1993.

Abstract: During 1992, the Board's staff consulted with the other Federal banking agencies regarding the implementation of section 112, the bank auditing requirements, of the Federal Deposit Insurance Corporation Improvement Act of 1991. The section includes requirements for insured commercial banks to receive audits of their annual reports by independent public accountants, requirements for banks and their auditors to report certain information to the Board, and requirements for independent audit committees for banks. In some cases, these requirements can be satisfied by comparable arrangements at the bank holding company level. The Act generally exempts insured depository institutions from these requirements when their total assets are less than \$150 million, unless a higher threshold is chosen by the Federal Deposit Insurance Corporation (FDIC).

The FDIC, the agency with primary responsibility for implementing this mandate through regulations, finalized its regulation in May 1993, which applied to all FDIC-insured banks and thrifts. The FDIC's regulation applied these requirements to depository institutions with total assets of \$500 million or more. Subsequently in February 1996, the FDIC approved amendments to its rules implementing section 112 that were largely required by the Riegle Community Development and Regulatory Improvement Act of 1994. These amendments expand opportunities for holding companies to file a single report covering multiple subsidiary banking organizations, conform the rule's references to the Federal Reserve's Regulation O, and make other technical revisions.

The Board has joint rulemaking authority with the other banking agencies regarding the enforcement provisions of section 112. It is expected that the Board and the other agencies will develop a notice of proposed

rulemaking for public comment by year-end.

Timetable:

Action	Date	FR Cite
Board may consider amendments to Regulations H and Y by	12/00/96	

Small Entities Affected: None**Government Levels Affected:** None

Agency Contact: Gerald A. Edwards, Jr., Assistant Director, Federal Reserve System, Division of Banking Supervision and Regulation
Phone: 202 452-2741

RIN: 7100-AB39**4311. REGULATION: H—MEMBERSHIP OF STATE BANKING INSTITUTIONS IN THE FEDERAL RESERVE SYSTEM; AND REGULATION: Y—BANK HOLDING COMPANIES AND CHANGE IN BANK CONTROL****Priority:** Substantive, Nonsignificant**Legal Authority:** 12 USC 1831n; 12 USC 1833d**CFR Citation:** 12 CFR 208; 12 CFR 225**Legal Deadline:** Final, Statutory, December 19, 1992.

Abstract: During 1992 and 1993, the Board's staff consulted with the other Federal banking agencies regarding the implementation of section 121, the bank accounting requirements, of the Federal Deposit Insurance Corporation Improvement Act of 1991 (FDICIA). These requirements include the implementation of disclosures of the fair market value of assets, liabilities, and certain projects, which may result in the revision of reporting requirements for banks and bank holding companies. The accounting provisions of the Act do not include exemptions for small institutions. Thus, any changes to regulations and reporting requirements would likely affect smaller State member banks.

The Federal Financial Institutions Examination Council (FFIEC) requested public comment on proposed reporting requirements, and the comment period expired on June 14, 1993. Furthermore, the FFIEC proposed on March 9, 1994, new Call Report items for derivative instruments, including new information on their market values. The comment period for this proposal expired on May 9, 1994, and the FFIEC included new

information about market values of derivative instruments in its Call Report requirements for March 1995. Market value information about on- and off-balance-sheet financial instruments is also reported in the banks' annual financial statements filed with the Board and the other Federal banking agencies pursuant to FDICIA section 112. Following final action by the FFIEC, the Board may consider requesting public comment by year-end on changes to its regulations in order to implement certain aspects of section 121.

Timetable:

Action	Date	FR Cite
Board may consider amendments to Regulations H and Y by	12/00/96	

Small Entities Affected: Businesses**Government Levels Affected:** None

Agency Contact: Gerald A. Edwards, Jr., Assistant Director, Federal Reserve System, Division of Banking Supervision and Regulation
Phone: 202 452-2741

RIN: 7100-AB41**4312. REGULATION: H—MEMBERSHIP OF STATE BANKING INSTITUTIONS IN THE FEDERAL RESERVE SYSTEM; AND REGULATION: Y—BANK HOLDING COMPANIES AND CHANGE IN BANK CONTROL (DOCKET NUMBER: R-0835)****Priority:** Substantive, Nonsignificant**Legal Authority:** 12 USC 36; 12 USC 248(a); 12 USC 248(c); 12 USC 321 to 338; 12 USC 371d; 12 USC 461; 12 USC 481 to 486; 12 USC 601; 12 USC 611; 12 USC 1814; 12 USC 1817(j)(13); 12 USC 1818; 12 USC 1823(j); 12 USC 1828(o); 12 USC 1831i**CFR Citation:** 12 CFR 208, app A; 12 CFR 225, app A**Legal Deadline:** None

Abstract: In May 1994, the Board issued for public comment two proposals on the capital treatment of recourse arrangements and direct credit substitutes. The first proposal: (1) formally defines recourse and direct credit substitutes; (2) reduces the risk-based capital charge for low-level recourse arrangements to the maximum amount of possible loss under the recourse obligation up to the effective capital charge; and (3) requires the

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same risk-based capital charge for first loss direct credit substitutes as is currently applied to recourse transactions (59 FR 27115, May 25, 1994).

Subsequent to the issuance of this proposal, the Congress mandated, under section 350 of the Riegle Community Development and Regulatory Improvement Act of 1994, that the Board issue regulations limiting, as of March 22, 1995, the amount of risk-based capital an insured depository institution is required to hold for assets transferred with recourse to the maximum amount of recourse for which the institution is contractually liable. The portion of the Board's proposal dealing with low-level recourse transactions satisfies the minimum requirements of section 350, and, accordingly, in February 1995, the Board adopted that portion of the proposal (60 FR 8177, February 13, 1995).

The second proposal, an advance notice of proposed rulemaking, sought public comment on an approach to assessing risk-based capital on banking organizations' risk exposures associated with certain asset securitizations. Under this approach, the capital charge would be based upon the relative risk of loss. The Board will continue to consider the advanced notice of proposed rulemaking, as well as the outstanding issues addressed in the first proposal, and is expected to take further action within the next four months. Small entities would be affected by the final rule and the two proposals only to the extent that they engage in extending recourse arrangements or direct credit substitutes; it is not expected that the proposals will have a significant economic impact.

Timetable:

Action	Date	FR Cite
Board requested comment	05/25/94	59 FR 27115
Board adopted one aspect of the proposal	02/13/95	60 FR 8177
Further Board action within the next four months	06/00/96	

Small Entities Affected: None

Government Levels Affected: None

Agency Contact: Thomas R. Boemio, Supervisory Financial Analyst, Federal

Reserve System, Division of Banking Supervision and Regulation
Phone: 202 452-2982

RIN: 7100-AB77

4313. REGULATION: H—MEMBERSHIP OF STATE BANKING INSTITUTIONS IN THE FEDERAL RESERVE SYSTEM; AND REGULATION: Y—BANK HOLDING COMPANIES AND CHANGE IN BANK CONTROL

Priority: Substantive, Nonsignificant

Legal Authority: 12 USC 36; 12 USC 321; 12 USC 1828; 12 USC 1831u; 12 USC 1842

CFR Citation: 12 CFR 208; 12 CFR 225

Legal Deadline: None

Abstract: Sections 101, 102, and 103 of the Riegle-Neal Interstate Banking and Branching Efficiency Act of 1994 establish conditions under which bank holding companies and national banks will be permitted to engage in interstate banking and branching through acquisitions, mergers, and establishment of de novo branches. Under section 9 of the Federal Reserve Act, the limitations and conditions on branching by national banks also are applicable to State member banks. Section 101 of the Riegle-Neal Act also permits a bank to receive deposits and provide certain other services as agent for any affiliated depository institution without the bank being considered to be a branch of the affiliated depository institution.

The Board is considering whether it is necessary to amend its Regulations H and Y to reflect the statutory changes. If amendments are necessary, they will be proposed as part of any proposals concerning Regulations H and Y following the Board's overall review of these rules under section 303 of the Riegle Community Development and Regulatory Improvement Act of 1994.

The statutory changes reduce restrictions currently applicable to bank holding companies and state member banks of all sizes, including small institutions, and will not significantly increase regulatory burden on small banks.

Timetable:

Action	Date	FR Cite
Board is expected to act on Regulation H by	10/00/96	

Action	Date	FR Cite
Board is expected to act on Regulation Y by	10/00/96	

Small Entities Affected: Undetermined

Government Levels Affected: None

Agency Contact: Lawranne Stewart, Senior Attorney, Federal Reserve System, Legal Division
Phone: 202 452-3513

RIN: 7100-AB87

4314. • SECTION 303 REGULATORY REVIEW

Priority: Substantive, Nonsignificant

Legal Authority: 12 USC 4803(a)(1)

CFR Citation: 12 CFR ch II

Legal Deadline: Other, Statutory, September 23, 1996.

Progress Report due to Congress.

Abstract: In response to the requirements of section 303 of the Riegle Community Development and Regulatory Improvement Act of 1994, the Board is reviewing its regulations for purposes of streamlining, improving efficiency, reducing unnecessary costs, and removing inconsistencies and outmoded/duplicative requirements. The Board is also working jointly with the other banking agencies to make uniform regulations and guidelines implementing common statutory and supervisory policies. A regulatory review timetable was published in the Federal Register in October 1995 (60 FR 53546, October 16, 1995).

Within the next six months, it is expected that the Board will seek public comment during the course of the reviews of the following regulations/policy statements/other regulatory guidance. Reviews already put out for public comment appear elsewhere in the Agenda.

Reg. D, Reserve Requirements of Depository Institutions.

Reg. G, Securities Credit by Persons Other Than Banks, Brokers, or Dealers.

Reg. O, Loans to Executive Officers, Directors, and Principal Shareholders of Member Banks.

Reg. R, Relationships with Dealers in Securities Under Section 32 of the Banking Act of 1933.

Reg. AA, Unfair or Deceptive Acts or Practices.

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Reg. Y, Bank Holding Companies and Change in Bank Control.
 Reg. X, Borrowers of Securities Credit.
 Reg. CC, Availability of Funds and Collection of Checks.
 Reg. H, Membership of State Banking Institutions in the Federal Reserve System.
 Regs. H and Y, Appendices, Capital Adequacy Guidelines.

Reg. K, International Banking Operations (Overall Comprehensive Review).

Reg. B, Equal Credit Opportunity.

Timetable:

Action	Date	FR Cite
Board action expected during the next six months	10/00/96	

Small Entities Affected: Undetermined

Government Levels Affected: None

Agency Contact: Thomas A. Durkin, Regulatory Planning and Review Director, Federal Reserve System, Office of the Secretary
 Phone: 202 452-3236

RIN: 7100-AC09

FEDERAL RESERVE SYSTEM (FRS)

Final Rule Stage

4315. REGULATION: B—EQUAL CREDIT OPPORTUNITY (DOCKET NUMBER: R-0876)

Priority: Substantive, Nonsignificant

Legal Authority: 15 USC 1691

CFR Citation: 12 CFR 202

Legal Deadline: None

Abstract: In April 1995, the Board issued for public comment a proposed amendment to Regulation B to eliminate the general prohibition on collecting data relating to an applicant's race, color, sex, religion, and national origin, giving creditors the option to ask applicants to provide the information on a voluntary basis (60 FR 20436, April 26, 1995). This amendment would allow data collection only; creditors still would be prohibited from considering an applicant's race, color, sex, religion, and national origin in their credit decisions.

Compliance with the proposed amendment is voluntary and would not be expected to have a significant economic impact on small institutions. Following review of the public comments, the Board is expected to take further action within the next two months.

Timetable:

Action	Date	FR Cite
Board requested comment	04/26/95	60 FR 20436
Further Board action by	04/00/96	

Small Entities Affected: None

Government Levels Affected: None

Agency Contact: Sheilah Goodman, Staff Attorney, Federal Reserve System, Division of Consumer and Community Affairs

Phone: 202 452-3667

RIN: 7100-AB99

4316. REGULATION: E—ELECTRONIC FUND TRANSFERS (DOCKET NUMBER: R-0830)

Priority: Substantive, Nonsignificant

Legal Authority: 15 USC 1693b

CFR Citation: 12 CFR 205

Legal Deadline: None

Abstract: The Board is conducting a review of Regulation E, which implements the Electronic Fund Transfer Act and establishes the basic rights, liabilities, and responsibilities of consumers who use electronic fund transfer services and of financial institutions that offer these services (whether or not these institutions hold the consumer's account). The review is part of the Board's Regulatory Planning and Review Program, which provides for the periodic review of Board regulations to determine whether a regulation should be eliminated, simplified, updated, or otherwise revised.

In February 1994, the Board approved issuing for public comment a revised Regulation E that includes, among other things, simplified language and format (59 FR 10684, March 7, 1994). As part of the proposal, the scope of several exemptions would be expanded. A small institution exemption would apply to institutions with assets under \$100,000; currently the exemption applies to institutions with assets under \$25,000. Also under the proposal, the staff commentary to Regulation E would be significantly improved to facilitate compliance. As a whole, the proposed changes to Regulation E would likely reduce regulatory burden

within the limits of a very specific statute, without sacrificing consumer benefits.

The proposals are not expected to have a significant economic impact on small institutions. The proposals also are considered a part of the Board's overall review of its regulations as required by section 303 of the Riegle Community Development and Regulatory Improvement Act of 1994. Following review of the public comments, the Board is expected to take further action within the next two months.

Timetable:

Action	Date	FR Cite
Board approved requesting public comment	03/07/94	59 FR 10684
Further Board action by	04/00/96	

Small Entities Affected: None

Government Levels Affected: None

Agency Contact: Adrienne D. Hurt, Managing Counsel, Financial Services Section, Federal Reserve System, Division of Consumer and Community Affairs

Phone: 202 452-2412

RIN: 7100-AA77

4317. REGULATION: H—MEMBERSHIP OF STATE BANKING INSTITUTIONS IN THE FEDERAL RESERVE SYSTEM (DOCKET NUMBER: R-0897)

Priority: Substantive, Nonsignificant

Legal Authority: 42 USC 4001 et seq

CFR Citation: 12 CFR 208

Legal Deadline: None

Abstract: The National Flood Insurance Reform Act of 1994 (title V of the Riegle Community Development and

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Regulatory Improvement Act of 1994) includes a number of amendments to the Flood Disaster Protection Act of 1973. The amendments are intended to improve compliance with existing flood insurance purchase requirements, including provisions concerning forced placement of policies, escrowing of insurance premiums, standard determination forms, notification requirements, penalties for noncompliance, and compliance examination requirements. All State member banks, including small institutions, will be subject to the amended provisions.

Under the statute, the Federal banking agencies are to consult and coordinate on the development of implementing regulations through the Federal Financial Institutions Examination Council.

In October 1995, the Board issued for public comment a proposed rule developed jointly by the banking agencies to implement the provisions of the statute concerning flood insurance purchase, escrow of flood insurance premiums, and notification requirements (60 FR 53962, October 18, 1995). The proposal is part of the Board's overall review of its regulations as required by section 303 of the Riegle Community Development and Regulatory Improvement Act of 1994. Following review of the public comments the Board is expected to take further action within the next four months. The proposed rule is not expected to have a significant economic impact on small institutions.

Timetable:

Action	Date	FR Cite
Board requested comment	10/18/95	60 FR 53962
Further Board action by	06/00/96	

Small Entities Affected: None

Government Levels Affected: None

Agency Contact: Lawranne Stewart, Senior Attorney, Federal Reserve System, Legal Division
Phone: 202 452-3513

RIN: 7100-AB86

4318. • REGULATION: H—MEMBERSHIP OF STATE BANKING INSTITUTIONS IN THE FEDERAL RESERVE SYSTEM (DOCKET NUMBER: R-0909)

Priority: Substantive, Nonsignificant

Legal Authority: 12 USC 36; 12 USC 248(a); 12 USC 248(c); 12 USC 321-338a; 12 USC 371d; 12 USC 461; 12 USC 481-486; 12 USC 601; 12 USC 611; 12 USC 1814; 12 USC 1823(j); 12 USC 1828(o); 12 USC 1831o; 12 USC 1831p-1; 12 USC 3105; ...

CFR Citation: 12 CFR 208

Legal Deadline: None

Abstract: In December 1995, the Board issued for public comment proposed amendments to Regulation H pertaining to the recordkeeping and confirmation disclosures for certain securities transactions effected by State member banks (60 FR 66759, December 26, 1995). These disclosures cover transactions effected for customers involving debt and asset-backed securities and generally require three-day settlement for these transactions.

It is not expected that the revisions will have a significant economic impact on a substantial number of small institutions. Following review of the public comments, the Board is expected to take further action within the next three months. The proposal is part of the Board's overall review of its regulations as required by section 303 of the Riegle Community Development and Regulatory Improvement Act of 1994.

Timetable:

Action	Date	FR Cite
Board requested comment	12/26/95	60 FR 66759
Further Board action expected by	05/00/96	

Small Entities Affected: None

Government Levels Affected: None

Agency Contact: Susan S. Meyers, Senior Securities Regulation Analyst, Federal Reserve System, Division of Banking Supervision and Regulation
Phone: 202 452-2781

RIN: 7100-AC07

4319. REGULATION: H—MEMBERSHIP OF STATE BANKING INSTITUTIONS IN THE FEDERAL RESERVE SYSTEM; REGULATION: Y—BANK HOLDING COMPANIES AND CHANGE IN BANK CONTROL (DOCKET NUMBERS: R-0884 AND R-0886)

Priority: Substantive, Nonsignificant

Legal Authority: 12 USC 36; 12 USC 248(a); 12 USC 248(c); 12 USC 321 to 338a; 12 USC 371d; 12 USC 461; 12 USC 481 to 486; 12 USC 601; 12 USC 611; 12 USC 1814; 12 USC 1823(j); 12 USC 1828(o); 12 USC 1831o; 12 USC 1831p-1; 12 USC 3105; ...

CFR Citation: 12 CFR 208; 12 CFR 225

Legal Deadline: None

Abstract: In July 1995, the Board published for comment proposed amendments to its risk-based capital guidelines for State member banks and bank holding companies (60 FR 38081, July 25, 1995; Docket No. R-0884). The proposed amendments would incorporate a measure for market risk in foreign exchange and commodity activities and in the trading of debt and equity instruments. Institutions would calculate market risk capital charges using either their own internal models or techniques developed by supervisors. The amendments are consistent with proposed international market risk standards and with similar standards being developed by the other Federal bank regulatory agencies.

The Board also requested comment on an alternative "pre-commitment" approach for setting market risk capital requirements (60 FR 38142, July 25, 1995; Docket No. R-0886). Under this approach, an institution would specify the amount of capital it chose to allocate to support market risk over a specified period of time. The Board could provide incentives for institutions to allocate sufficient market risk capital by methods such as public disclosure of market risk capital levels or penalties when losses exceed allocated capital.

The market risk capital proposals would affect only institutions with relatively large trading activities and therefore would have little or no effect on small entities. Following review of the public comments, the Board is expected to take further action within the next two months.

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Timetable:

Action	Date	FR Cite
Board requested comment on R-0884	07/25/95	60 FR 38081
Board requested comment on R-0886	07/25/95	60 FR 38142
Further Board action by	04/00/96	

Small Entities Affected: None

Government Levels Affected: None

Agency Contact: James Houpt, Assistant Director, Federal Reserve System, Division of Banking Supervision and Regulation
Phone: 202 452-3358

RIN: 7100-AC01

4320. REGULATION: K—INTERNATIONAL BANKING OPERATIONS (DOCKET NUMBER: R-0916)

Priority: Substantive, Nonsignificant

Legal Authority: 12 USC 3105(k)

CFR Citation: 12 CFR 211

Legal Deadline: None

Abstract: In February 1996, the Board approved issuing for public comment a proposed amendment to Regulation K to implement the provision of the Riegle-Neal Interstate Banking and Branching Efficiency Act of 1994 that amended the International Banking Act of 1978 by adding a new subsection regarding the management of shell branches (61 FR 6956, February 23, 1996). The relevant subsection prohibits foreign banks from using their U.S. branches or agencies to manage types of activities through offshore shell branches that could not be managed by a U.S. bank at its foreign branches or subsidiaries.

It is not anticipated that the proposal will have a significant economic impact on a substantial number of small entities subject to the Board's regulation. Following review of the public comments, the Board is expected to take further action within the next six months. The proposal is part of the Board's overall review of its regulations as required by section 303 of the Riegle Community Development and Regulatory Improvement Act of 1994.

Timetable:

Action	Date	FR Cite
Board requested comment	02/23/96	61 FR 6956

Action Date FR Cite

Further Board action by 10/00/96

Small Entities Affected: None

Government Levels Affected: None

Agency Contact: Janet Crossen, Senior Attorney, Federal Reserve System, Legal Division
Phone: 202 452-3281

RIN: 7100-AB88

4321. REGULATION: K—INTERNATIONAL BANKING OPERATIONS (DOCKET NUMBER: R-0911)

Priority: Substantive, Nonsignificant

Legal Authority: 12 USC 1841 et seq; 12 USC 3101 et seq

CFR Citation: 12 CFR 211

Legal Deadline: None

Abstract: The Riegle-Neal Interstate Banking and Branching Act of 1994 (the Interstate Act) contains provisions affecting foreign banks with U.S. operations, including, among other matters, interstate banking and branching and the selection of home states by foreign banks. In December 1995, the Board issued for public comment proposed rules concerning home state selection, removing certain outdated restrictions and making other changes needed to implement these statutory changes (60 FR 67100, December 28, 1995). Further, the Board requested comment on other issues raised for foreign banks under the Interstate Act. The proposals are part of the Board's overall review of its regulations as required by section 303 of the Riegle Community Development and Regulatory Improvement Act of 1994.

It is not expected that the proposals will have a significant economic impact on a substantial number of small banks. Following review of the public comments, the Board is expected to take further action within the next four months.

Timetable:

Action	Date	FR Cite
Board requested comment	12/28/95	60 FR 67100
Further action by	06/00/96	

Small Entities Affected: None

Government Levels Affected: None

Agency Contact: Douglas M. Ely, Senior Attorney, Federal Reserve System, Legal Division
Phone: 202 452-5289

RIN: 7100-AB89

4322. REGULATION: L—MANAGEMENT OFFICIAL INTERLOCKS (DOCKET NUMBER: R-0907)

Priority: Substantive, Nonsignificant

Legal Authority: PL 103-325

CFR Citation: 12 CFR 212

Legal Deadline: None

Abstract: Regulation L implements provisions of the Depository Institutions Management Interlocks Act (DIMIA), which regulates management interlocks among depository institutions. Section 338 of the Riegle Community Development and Regulatory Improvement Act of 1994 (CDRI Act) amended certain sections of DIMIA. In December 1995, the Board, along with the Office of the Comptroller of the Currency, Federal Deposit Insurance Corporation, and Office of Thrift Supervision, issued for public comment a joint proposed rule (60 FR 67424, December 29, 1995); the National Credit Union Association is expected to issue an identical proposal later this year. The proposed rule revises each agency's regulation implementing DIMIA to conform with the statutory changes set forth in section 338 and, in order to comply with section 303 of the CDRI Act, streamlines and modifies the regulations to improve efficiency, reduce unnecessary costs, and eliminate unwarranted constraints on credit availability.

Following review of the public comments, it is expected that the Board, with the other regulatory agencies, will take further action by mid-year. It is not anticipated that the proposal will have a significant impact on a substantial number of small institutions.

Timetable:

Action	Date	FR Cite
Board requested comment	12/29/95	60 FR 67424
Further Board action expected by	06/00/96	

Small Entities Affected: None

Government Levels Affected: None

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Agency Contact: Tina Woo, Staff Attorney, Federal Reserve System, Legal Division
Phone: 202 452-3890

RIN: 7100-AB90

4323. REGULATION: M—CONSUMER LEASING (DOCKET NUMBER: R-0892)

Priority: Substantive, Nonsignificant

Legal Authority: 15 USC 1604

CFR Citation: 12 CFR 213

Legal Deadline: None

Abstract: The Board is undertaking a complete review of Regulation M under the Board's Regulatory Planning and Review Program. The Program calls for the periodic review of Board regulations to determine whether a regulation should be eliminated, simplified, updated, or otherwise revised. To gather information needed for this review and to ensure the participation of interested parties at the beginning of the process, in November 1993, the Board approved issuing for public comment an advance notice of the proposed rulemaking, soliciting comment, generally, on revisions to the regulation, while also soliciting comment on specific issues dealing with early termination penalties, advertising, and segregation of disclosure terms from other information. In August 1995, following review of the comments, the Board approved the issuance of a proposed rule revising Regulation M (60 FR 48752, September 20, 1995). The Riegle Community Development and Regulatory Improvement Act (CDRI Act) amendment to the Consumer Leasing Act to allow an alternative disclosure scheme for radio advertisements is a part of the proposal. The proposed rulemaking is included in the Board's overall review of its regulations as required by section 303 of the CDRI Act.

It is not anticipated that the proposed revisions will have a significant economic impact on a substantial number of small entities. Following review of the public comments, the Board is expected to take further action with the next three months.

Timetable:

Action	Date	FR Cite
Board approved requesting comment	11/19/93	58 FR 61035

Action	Date	FR Cite
Board approved issuance of a proposed rule	09/20/95	60 FR 48752
Further Board action within the next three months	05/00/96	
Comment period extended until 02/15/96	12/06/96	60 FR 62349

Small Entities Affected: None

Government Levels Affected: None

Agency Contact: Adrienne D. Hurt, Managing Counsel, Financial Services Section, Federal Reserve System
Phone: 202 452-2412

RIN: 7100-AB74

4324. REGULATION: S—REIMBURSEMENT FOR PROVIDING FINANCIAL RECORDS; RECORDKEEPING REQUIREMENTS FOR CERTAIN FINANCIAL RECORDS (DOCKET NUMBER: R-0888)

Priority: Substantive, Nonsignificant

Legal Authority: 12 USC 1829b; 12 USC 1951 to 1959; 31 USC 5311 to 5330

CFR Citation: 12 CFR 219; 12 CFR 103.33

Legal Deadline: None

Abstract: In January 1995, the Department of the Treasury and the Board jointly adopted a final rule that requires enhanced recordkeeping related to certain funds transfers and transmittals of funds by financial institutions (the joint rule). Also in January 1995, the Treasury adopted a companion rule, known as the travel rule, that requires financial institutions to include in transmittal orders certain information that must be maintained under the joint rule. The joint rule sets forth definitions of terms used in both rules. The original effective date of these rules was January 1, 1996. Subsequent to adoption of these rules, several banks have expressed concerns that compliance with the joint rule and the travel rule would be complicated if the parties to an international transfer were defined differently in the Bank Secrecy Act regulations than they are defined in the Uniform Commercial Code Article 4A. In response to these concerns, in August 1995, the Board approved issuing for public comment proposed amendments to the joint rule's definitions and technical conforming changes to the substantive

provisions to conform the meanings of the definitions of the parties to an international transfer to their meanings under Article 4A of the Uniform Commercial Code (60 FR 44144, August 24, 1995).

The proposed amendments are intended to reduce confusion of banks and nonbank financial institutions (including small institutions) as to the applicability of the joint rule and the travel rule and to reduce the cost of complying with the rules' requirements. Due to the uncertainties resulting from these proposed amendments, the Treasury and the Board have deferred the effective date of the joint rule until April 1, 1996.

Following review of the public comments, the Board is expected to take final action within the next two months. It is not anticipated that the proposal will have a significant adverse economic impact on small institutions.

Timetable:

Action	Date	FR Cite
Board requested comment	08/24/95	60 FR 44144
Final Board action by	04/00/96	

Small Entities Affected: None

Government Levels Affected: None

Agency Contact: Elaine Boutilier, Senior Counsel, Federal Reserve System, Legal Division
Phone: 202 452-2418

RIN: 7100-AC03

4325. • REGULATION: S—REIMBURSEMENT FOR PROVIDING FINANCIAL RECORDS; RECORDKEEPING REQUIREMENTS FOR CERTAIN FINANCIAL RECORDS (DOCKET NUMBER: R-0906)

Priority: Substantive, Nonsignificant

Legal Authority: 12 USC 3415

CFR Citation: 12 CFR 219

Legal Deadline: None

Abstract: In December 1995, the Board requested public comment on a revision to subpart A of Regulation S, which implements the requirement under the Right to Financial Privacy Act (RFPA) that the Board establish the rates and conditions under which payment shall be made by a government authority to a financial institution for providing financial records pursuant to RFPA (60 FR 65599, December 20, 1995). The

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proposed amendments update the fees to be charged and reflect statutory changes in the exemptions. Also, as part of the overall review of its regulations as required by section 303 of the Riegle Community Development and Regulatory Improvement Act of 1994, the Board has streamlined the regulation by eliminating unnecessary provisions.

Following review of the public comments, the Board is expected to take further action within the next two months. It is not anticipated that the proposal will have a significant adverse economic impact on small institutions.

Timetable:

Action	Date	FR Cite
Board requested comment	12/20/95	60 FR 65599
Further Board action by	04/00/96	

Small Entities Affected: None

Government Levels Affected: None

Agency Contact: Elaine M. Boutilier, Senior Counsel, Federal Reserve System, Legal Division
Phone: 202 452-2418

RIN: 7100-AC10

4326. REGULATION: T—CREDIT BY BROKERS AND DEALERS (DOCKET NUMBER: R-0772)

Priority: Substantive, Nonsignificant

Legal Authority: 15 USC 78g Securities Exchange Act of 1934, as amended; 15 USC 78h Securities Exchange Act of 1934, as amended; 15 USC 78w Securities Exchange Act of 1934, as amended

CFR Citation: 12 CFR 220

Legal Deadline: None

Abstract: The Board is conducting a periodic review of Regulation T, which regulates extensions of credit by and to brokers and dealers. In August 1992, the Board approved a general request for comments to aid in its review (57 FR 37109, August 18, 1992). In July 1994, the Board proposed amendments in two specific areas of Regulation T (Docket Number R-0840; RIN 7100-AB78). Those amendments were adopted in October 1994.

In June 1995, the Board proposed additional amendments that further reflect the comments submitted in response to the Board's Advance Notice

of Proposed Rulemaking (60 FR 33673, June 29, 1995).

Many of the proposed amendments feature increased reliance on rules of the Securities and Exchange Commission and self-regulatory organizations. Others would make Regulation T consistent with Regulations G and U, the regulations covering securities credit by lenders other than broker-dealers. It is not anticipated that the revisions would have a significant economic impact on the overall lending activities of a substantial number of small brokerage firms.

Following review of the public comments, the Board is expected to take further action within the next two months.

Timetable:

Action	Date	FR Cite
Board issued advance notice and request for comment	08/18/92	57 FR 37109
Board requested comment on amendments	06/29/95	60 FR 33763
Further Board action by	04/00/96	

Small Entities Affected: None

Government Levels Affected: None

Agency Contact: Scott J. Holz, Senior Attorney, Federal Reserve System, Division of Banking Supervision and Regulation
Phone: 202 452-2781

RIN: 7100-AB28

4327. REGULATION: U—CREDIT BY BANKS FOR THE PURPOSE OF PURCHASING OR CARRYING MARGIN STOCKS (DOCKET NUMBER: R-0905)

Priority: Substantive, Nonsignificant

Legal Authority: 15 USC 78g Securities Exchange Act of 1934, as amended; 15 USC 78h Securities Exchange Act of 1934, as amended; 15 USC 78w Securities Exchange Act of 1934, as amended

CFR Citation: 12 CFR 221

Legal Deadline: None

Abstract: The Board is conducting a periodic review of Regulation U, which generally regulates bank extensions of credit that are secured by publicly traded stock. In December 1995, the Board proposed amendments for public comment that would (1) reduce the

regulatory burden associated with loans secured by margin stock and other collateral and (2) clarify the circumstances under which a bank may finance the purchase of customer securities bought on a cash basis at a broker-dealer (60 FR 63660, December 12, 1995). Comment was also invited on all other areas of the regulation. The proposals also satisfy requirements under section 303 of the Riegle Community Development and Regulatory Improvement Act of 1994. It is not anticipated that the revisions will have a significant economic impact on the overall lending activities of a substantial number of small banks. Following review of the public comments, the Board is expected to take further action within the next two months.

Timetable:

Action	Date	FR Cite
Board requested comment	12/12/95	60 FR 63660
Further Board action by	04/00/96	

Small Entities Affected: None

Government Levels Affected: None

Agency Contact: Scott J. Holz, Senior Attorney, Federal Reserve System, Division of Banking Supervision and Regulation
Phone: 202 452-2781

RIN: 7100-AB65

4328. REGULATION: Y—BANK HOLDING COMPANIES AND CHANGE IN BANK CONTROL (DOCKET NUMBER: R-0868)

Priority: Substantive, Nonsignificant

Legal Authority: 12 USC 1817(j)(13); 12 USC 1818; 12 USC 1831(i); 12 USC 1843(c)(8); 12 USC 1844(b); 12 USC 3106; 12 USC 3108; 12 USC 3907; 12 USC 3909; 12 USC 3310; 12 USC 3331 to 3351

CFR Citation: 12 CFR 225.125(g)

Legal Deadline: None

Abstract: Section 225.25(b)(4) of the Board's Regulation Y authorizes bank holding companies to act as investment adviser to registered investment companies. Bank holding companies that provide such services are subject to certain restrictions set forth in the Board's interpretation regarding investment adviser activities. In December 1994, the Board approved

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issuing for public comment a proposal to amend the limitations in the investment adviser interpretation to permit bank holding companies that advise an investment company to purchase, in a fiduciary capacity, securities of the investment company if the purchase is specifically authorized by the terms of the instrument creating the fiduciary relationship, by court order, or by the law of the jurisdiction under which the trust is administered (59 FR 67654, December 30, 1994).

It is not anticipated that amending the investment adviser interpretation will have a significant impact on a substantial number of small institutions as it will relax an existing restriction. Following review of the public comments, the Board is expected to take final action within the next six months.

Timetable:

Action	Date	FR Cite
Board requested comment	12/30/94	59 FR 67654
Further Board action by	10/00/96	

Small Entities Affected: None

Government Levels Affected: None

Agency Contact: Thomas M. Corsi, Senior Attorney, Federal Reserve System, Legal Division
Phone: 202 452-3275

RIN: 7100-AB95

4329. REGULATION: DD—TRUTH IN SAVINGS (DOCKET NUMBER: R-0836 AND DOCKET NUMBER: R-0869)

Priority: Substantive, Nonsignificant

Legal Authority: 12 USC 4301 et seq

CFR Citation: 12 CFR 230

Legal Deadline: None

Abstract: Sections 261 to 275 of the Federal Deposit Insurance Corporation Improvement Act of 1991 require depository institutions to provide a schedule of terms, rates, and fees for deposit accounts offered by the institution. The law also sets forth rules for advertisements for deposit accounts.

In January 1995, the Board issued for public comment proposed amendments to Regulation DD that would produce an annual percentage yield (APY) that reflects the timing of interest payments as well as the timing of compounding. The proposal also solicits comment on

an alternative method of calculating the APY (an internal rate of return formula) (60 FR 5142, January 26, 1995). The January 1995 proposal is an outgrowth of a May 1994 proposal that would have affected institutions' compounding and crediting practices in addition to changing the APY (59 FR 24378, May 11, 1994). The Board also adopted in January 1995 an interim rule that permits institutions and deposit brokers advertising noncompounding multiyear time accounts that require interest payouts at least annually to disclose an APY equal to the interest rate (60 FR 5128, January 26, 1995; Docket No. R-0836). Public comment on the approach was solicited in a July 1994 notice extending the comment period for the May 1994 proposal (59 FR 35271, July 11, 1994). The economic impact on small institutions will depend upon the variety of deposit products offered, the extent of the disclosures, and the options for compliance offered by the final rule.

The Congress is considering legislation that would require substantial revisions to Regulation DD, including eliminating the APY. Further action by the Board is deferred, pending action by the Congress on Truth in Savings legislation.

Timetable:

Action	Date	FR Cite
Board requested comment	05/11/94	59 FR 24378
Board extended comment period	07/11/94	59 FR 35271
Board adopted an interim rule	01/26/95	60 FR 5128
Board requested further comment	01/26/95	60 FR 5142
Further Board action following any Congressional action	12/00/96	

Small Entities Affected: Businesses

Government Levels Affected: None

Agency Contact: Jane Ahrens, Senior Attorney, Federal Reserve System, Division of Consumer and Community Affairs
Phone: 202 452-3667

RIN: 7100-AB80

4330. FEDERAL RESERVE BANK BOOK-ENTRY SECURITIES TRANSFER SERVICES (DOCKET NUMBER: R-0866)

Priority: Substantive, Nonsignificant

Legal Authority: 12 USC 221 et seq

CFR Citation: None

Legal Deadline: None

Abstract: In January 1995, the Board requested public comment on the effects of opening the Fedwire on-line book-entry securities transfer service earlier in the day, on new service capabilities related to earlier opening, and on establishment of a firm closing time for the service (60 FR 123, January 3, 1995). An earlier opening time could benefit the financial markets by facilitating international transactions, providing increased liquidity, and reducing risk. Participation in the proposed early-hour service would be voluntary; therefore, the service should not have a significant economic effect on a substantial number of small entities.

In August 1995, following review of the public comments, the Board adopted a firm closing time of 3:15 p.m. (ET) for transfer originations and 3:30 p.m. (ET) for reversals, effective January 2, 1996 (60 FR 42410, August 15, 1995).

Following further review of the public comments, the Board is expected to take further action regarding earlier opening and new service capabilities by year-end.

Timetable:

Action	Date	FR Cite
Board requested comment	01/03/95	60 FR 123
Board adopted firm closing time	08/15/95	60 FR 42410
Further Board action by	12/00/96	

Small Entities Affected: None

Government Levels Affected: None

Agency Contact: Lisa Hoskins, Project Leader, Federal Reserve System, Division of Reserve Bank Operations and Payment Systems
Phone: 202 452-3437

RIN: 7100-AB97

4331. FEDERAL RESERVE PAYMENTS SYSTEM RISK POLICY (DOCKET NUMBER: R-0889)

Priority: Substantive, Nonsignificant

Legal Authority: 12 USC 221 et seq

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CFR Citation: None**Legal Deadline:** None

Abstract: In August 1995, the Board requested public comment on a policy to control access to Federal Reserve Bank automated clearing house (ACH) services by entities other than the depository institutions whose Federal Reserve accounts will be debited (60 FR 42413, August 15, 1995). The proposed policy is intended to help ensure the safety and soundness of the ACH system.

The proposed policy could have a significant economic impact on a substantial number of small depository institutions that use Federal Reserve ACH services or third-party ACH service providers. The proposal would require those institutions to originate ACH credit transfers, set credit limits for those customers, and transmit those limits to a monitoring facility operated by either the Federal Reserve or the third-party service provider. Following review of the public comments, the Board is expected to take further action within the next four months.

Timetable:

Action	Date	FR Cite
Board requested comment	08/15/95	60 FR 42413
Further Board action by	06/00/96	

Small Entities Affected: Businesses**Government Levels Affected:** None

Agency Contact: Scott E. Knudson, Senior Financial Services Analyst, Federal Reserve System, Division of Reserve Bank Operations and Payment Systems
Phone: 202 452-3959

RIN: 7100-AC04**4332. RISK-BASED CAPITAL STANDARDS: INTEREST RATE RISK (DOCKET NUMBER: R-0802)****Priority:** Substantive, Nonsignificant

Legal Authority: 12 USC 36; 12 USC 248(a); 12 USC 248(c); 12 USC 321 to 338; 12 USC 461; 12 USC 481 to 486; 12 USC 601; 12 USC 611; 12 USC 1814; 12 USC 1823(j); 12 USC 3105; 12 USC 3310; 12 USC 3331 to 3351; 12 USC 3906 to 3909; 15 USC 78(b)

CFR Citation: 12 CFR 208; 12 CFR 225**Legal Deadline:** Final, Statutory, June 19, 1993.

Abstract: Section 305 of the Federal Deposit Insurance Corporation Improvement Act of 1991 (FDICIA) requires each Federal banking agency to revise its risk-based capital standards for the depository institutions it regulates in order to ensure that those standards take adequate account of interest rate risk (IRR), concentration of credit risk, and the risks of nontraditional activities.

In March 1993, following a review of comments received from an advance notice of proposed rulemaking issued in 1992 and after staff discussions with the other agencies, the Board approved for public comment a notice of proposed rulemaking for IRR. In September 1994, the Riegle Community Development and Regulatory Improvement Act of 1994 amended section 305 of FDICIA by adding a new subparagraph instructing the banking agencies to "take into account the size and activities of the institutions and do not cause undue reporting burdens." Following review of the public comments and the recently enacted legislation, the Board approved a final rule in June 1995 amending its risk-based capital standards to consider explicitly "a bank's exposure to declines in the economic value of its capital due to changes in interest rates" when evaluating capital adequacy (60 FR 39490, August 2, 1995). It is not expected that the rule will have a significant economic impact on small institutions.

Also in June 1995, the Board approved requesting public comment on a proposed Joint Agency Policy Statement regarding the measurement and assessment of interest rate risk (60 FR 39495, August 2, 1995). The proposed Policy Statement describes a measurement framework comprised of exemption screens, a supervisory model, and use of a bank's own internal model.

Small banks would be exempted from the proposed Policy Statement and associated reporting requirements in order to lessen regulatory burden on small, well-managed banks.

Following review of the public comments, the Board is expected to take further action within the next six months.

Timetable:

Action	Date	FR Cite
Board requested public comment on an ANPRM	08/10/92	57 FR 35507
Board approved requesting comment on proposed rulemaking	09/14/93	58 FR 48206
Board approved final rule implementing section 305	08/02/95	60 FR 39490
Board approved requesting comment on proposed Joint Agency Policy Statement	08/02/95	60 FR 39495
Further Board action by	10/00/96	

Small Entities Affected: Businesses**Government Levels Affected:** None

Agency Contact: James Embersit, Manager, Federal Reserve System, Division of Banking Supervision and Regulation
Phone: 202 452-5249

RIN: 7100-AB50**4333. RULES OF PRACTICE FOR HEARINGS (DOCKET NUMBER: R-0878)****Priority:** Substantive, Nonsignificant

Legal Authority: 12 USC 554 to 557; 12 USC 248; 12 USC 1817(j); 12 USC 1818; 12 USC 1847

CFR Citation: 12 CFR 263, subpart A**Legal Deadline:** None

Abstract: Section 916 of the Financial Institutions Reform, Recovery and Enforcement Act of 1989 required the Federal financial institutions regulatory agencies to develop uniform rules and procedures for administrative hearings. The agencies each adopted final Uniform Rules in August 1991. Based on their experience since then, the agencies have identified sections of the Uniform Rules that should be modified. In June 1995, amendments to those provisions were published for comment (60 FR 32882, June 23, 1995). In addition to technical modifications or clarifications, the proposals also make some substantive changes relating to the scope of document discovery and the examination of witnesses by multiple counsel for a party. The proposed amendments will not have a significant economic impact on a substantial number of small entities. They affect only those persons and

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entities who are the subject of litigated enforcement actions by the Board.

Following review of the public comments, the Board is expected to take further action within the next two months. This proposal has been included in the Board's overall review of its regulations as required by section 303 of the Riegle Community Development and Regulatory Improvement Act of 1994.

Timetable:

Action	Date	FR Cite
Board requested comment	06/23/95	60 FR 32882
Further Board action by	04/00/96	

Small Entities Affected: None

Government Levels Affected: None

Agency Contact: Katherine Wheatley, Assistant General Counsel, Federal Reserve System, Legal Division
Phone: 202 452-3779

RIN: 7100-AC05

4334. • SECTION 23A OF THE FEDERAL RESERVE ACT (DOCKET NUMBER: R-0902)

Priority: Substantive, Nonsignificant

Legal Authority: 12 USC 248(i); 12 USC 371c(e)

CFR Citation: 12 CFR 250.242

Legal Deadline: None

Abstract: Section 23A of the Federal Reserve Act regulates certain transactions between insured depository institutions and their affiliates. In general, it prohibits insured depository institutions from engaging in covered transactions with a single affiliate in excess of 10 percent of the institution's capital stock and surplus (aggregately, the limit is 20 percent). Section 23A does not, however, include a definition of capital stock and surplus.

In November 1995, the Board issued for public comment a proposal that would define capital stock and surplus for section 23A as Tier 1 and Tier 2 capital plus the balance of the allowance for loan and lease losses (60 FR 62050, December 4, 1995). This definition would conform to the definition of capital and surplus in Regulation O and to the definition used by the Comptroller of the Currency for national bank lending limits.

It is not expected that the proposed definition will have a significant adverse economic impact on a substantial number of small institutions. Following review of the public comments, the Board is expected to take further action within the next two months.

Timetable:

Action	Date	FR Cite
Board requested comment	12/04/95	60 FR 62050
Further Board action by	04/00/96	

Small Entities Affected: None

Government Levels Affected: None

Agency Contact: Pam Nardolilli, Senior Attorney, Federal Reserve System, Legal Division
Phone: 202 452-3289

RIN: 7100-AC08

4335. STANDARDS FOR SAFETY AND SOUNDNESS (DOCKET NUMBER: R-0766)

Priority: Substantive, Nonsignificant

Legal Authority: PL 102-242

CFR Citation: 12 CFR ch II

Legal Deadline: Final, Statutory, December 1, 1993.

Abstract: Section 132 of the Federal Deposit Insurance Corporation Improvement Act of 1991 (FDICIA) directs each Federal banking agency to prescribe standards regarding operations, management, asset quality, earnings, stock valuation (to the extent feasible), and employee compensation. In July 1992, the Board requested public comment on an interagency advance notice of proposed rulemaking. After considering the public's comments, a notice of proposed rulemaking was issued for comment that contained broad principle-based standards that leave the method for meeting such standards largely in the province of management.

In September 1994, the Riegle Community Development and Regulatory Improvement Act of 1994 modified section 132 by: (1) providing the agencies with the option to promulgate standards as guidelines rather than regulations; (2) removing bank holding companies from the scope of section 132; and (3) giving each agency discretion to prescribe standards relating to earnings, asset quality, and

stock valuation that it deems appropriate.

Although the legislative changes allow the standards to be issued as guidelines, the enforcement provisions relating to compliance plans must be issued as regulations. Accordingly, in February 1995, the Board adopted a final rule and guidelines for section 132 taking into account these changes. The final rule is not expected to have a significant economic impact on small institutions.

The Board also approved for comment proposed guidelines for asset quality and earnings that represent broader, more comprehensive standards than the rigid ratios or minimums originally mandated by section 132. The final rule and guidelines and proposed guidelines were published in a joint agency notice in July 1995 (60 FR 35673 and 35688, July 10, 1995).

Following review of the public comments, the Board is expected to take further action on the proposed asset quality and earnings guidelines within the next six months. The proposal is part of the Board's overall review of Regulation H as required by section 303 of the Riegle Community Development and Regulatory Improvement Act of 1994.

Timetable:

Action	Date	FR Cite
Board requested public comment	07/15/92	57 FR 31336
Board issued notice of proposed rulemaking	11/18/93	58 FR 60802
Board adopted rule and guidelines	07/10/95	60 FR 35678
Board requested comment on additional guidelines	07/10/95	60 FR 35688
Further Board action by	10/00/96	

Small Entities Affected: None

Government Levels Affected: None

Agency Contact: Roger T. Cole, Deputy Associate Director, Federal Reserve System, Division of Banking Supervision and Regulation
Phone: 202 452-2618

RIN: 7100-AB52

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4336. TEN PERCENT REVENUE LIMIT ON BANK-INELIGIBLE ACTIVITIES OF SUBSIDIARIES OF BANK HOLDING COMPANIES (DOCKET NUMBER: R-0841)

Priority: Substantive, Nonsignificant

Legal Authority: 12 USC 377

CFR Citation: None

Legal Deadline: None

Abstract: Section 20 of the Glass-Steagall Act prohibits a member bank from being affiliated with a company that is "engaged principally" in underwriting and dealing in securities that a bank may not underwrite and deal in directly ("ineligible securities"). In July 1994, the Board issued for public comment a proposal to provide an alternative to the current indexed revenue test used to measure compliance with the "engaged principally" standard (59 FR 35516,

July 12, 1994). The current test limits to 10 percent revenue earned from ineligible securities activities relative to the total revenue of a bank holding company subsidiary engaged, to a limited extent, in underwriting and dealing in ineligible securities ("section 20 subsidiary"). Comments were solicited on whether asset values or sales volume data, or a combination of both measures, should be used as a new alternative test. In 1993, the Board solicited comment on a proposed test based on asset values, then deferred a decision to adopt such a test. The current proposal would allow section 20 subsidiaries additional flexibility in the conduct of their securities operations and arises due to the Board's increased experience in reviewing and monitoring the activities and operations of these subsidiaries. The proposal would not have a significant economic

impact on small entities nor on a substantial number of bank holding companies.

Following review of the public comments, the Board is expected to take further action within the next six months.

Timetable:

Action	Date	FR Cite
Board requested comment	07/12/94	59 FR 35516
Further Board action by	10/00/96	

Small Entities Affected: None

Government Levels Affected: None

Agency Contact: Thomas Corsi, Senior Attorney, Federal Reserve System, Legal Division
Phone: 202 452-3275

RIN: 7100-AB82

FEDERAL RESERVE SYSTEM (FRS)

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4337. REG.: H—MEMBERSHIP OF STATE BANKING INSTITUTIONS IN F.R.S.; REG.: K—INTERNATIONAL BANKING OPERATIONS; AND REG.: Y—BANK HOLDING COMPANIES AND CHANGE IN BANK CONTROL (DOCKET NO.:R-0885)

Priority: Substantive, Nonsignificant

Legal Authority: 12 USC 36; 12 USC 248(a); 12 USC 248(c); 12 USC 321 to 338a; 12 USC 371d; 12 USC 461; 12 USC 481 to 486; 12 USC 601; 12 USC 611; 12 USC 1814; 12 USC 1823(j); 12 USC 1828(o); 12 USC 1831o; 12 USC 1831p-1; 12 USC 3105; ...

CFR Citation: 12 CFR 208.20; 12 CFR 211.8; 12 CFR 211.24(f); 12 CFR 225.4(g)

Legal Deadline: None

Abstract: In July 1995, the Board approved issuing for public comment proposed revisions to its regulations on reporting of suspicious activities by the domestic and foreign banking organizations supervised by the Federal Reserve, including the reporting of suspicious financial transactions such as suspected violations of the Bank Secrecy Act (60 FR 34481, July 3, 1995). The rules implement a new interagency suspicious activity referral process. The rules also reduce substantially the burden on banking

organizations (including small institutions) in reporting suspicious activities while enhancing access to such information by the Federal law enforcement agencies, the Federal financial institutions supervisory agencies and the Department of the Treasury. It is not anticipated that the proposal will have a significant adverse economic impact on small institutions.

In February 1996, following review of the public comments and in coordination with the other Federal financial institutions supervisory agencies and the Department of the Treasury, the Board adopted the proposals with additional clarifications and burden reduction measures (61 FR 4338, February 5, 1996).

Timetable:

Action	Date	FR Cite
Board approved request for comment	07/03/95	60 FR 34481
Board adopted proposal	02/05/96	61 FR 4338

Small Entities Affected: None

Government Levels Affected: None

Agency Contact: Herbert A. Biern, Deputy Associate Director, Federal Reserve System, Division of Banking Supervision and Regulation

Phone: 202 452-2620

RIN: 7100-AC00

4338. REGULATION: H—MEMBERSHIP OF STATE BANKING INSTITUTIONS IN THE FEDERAL RESERVE SYSTEM; AND REGULATION: Y—BANK HOLDING COMPANIES AND CHANGE IN BANK CONTROL (DOCKET NUMBER: R-0849)

Priority: Substantive, Nonsignificant

Legal Authority: 12 USC 36; 12 USC 248(a); 12 USC 248(c); 12 USC 321 to 338a; 12 USC 371d; 12 USC 461; 12 USC 481 to 486; 12 USC 601; 12 USC 611; 12 USC 1814; 12 USC 1817(j)(13); 12 USC 1818; 12 USC 1823(j); 12 USC 1828(o); 12 USC 1831i; ...

CFR Citation: 12 CFR 208, app A; 12 CFR 208, app B; 12 CFR 225, app A

Legal Deadline: None

Abstract: In October 1994, the Board, in conjunction with the Office of the Comptroller of the Currency, issued for public comment a proposal that would amend its risk-based capital guidelines for State member banks and bank holding companies by modifying the criteria used to define the Organization for Economic Cooperation and Development (OECD)-based group of countries (59 FR 52100, October 14,

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1994). Under the guidelines, claims on the OECD-based group of countries are eligible for lower risk weight treatment. The OECD-based group of countries would continue to be defined as countries that are full members of the OECD (or that have concluded special lending arrangements with the International Monetary Fund (IMF) associated with the IMF's General Arrangement to Borrow), but the guidelines would exclude any country within this group that has rescheduled its external sovereign debt within the previous five years. The proposed amendment was based on an announcement by the Basle Supervisors' Committee that it intended to revise the Basle Accord definition of the OECD-based group of countries.

In December 1995, following review of the public comments and final action by the Basle Supervisors' Committee, the Board, in conjunction with the Office of the Comptroller of the Currency and the Federal Deposit Insurance Corporation, adopted the proposal in substantially the form proposed (60 FR 66042, December 20, 1995).

The revision is not expected to have a significant economic impact on a substantial number of small business entities.

Timetable:

Action	Date	FR Cite
Board requested public comment	10/14/94	59 FR 52100
Board adopted proposal	12/20/95	60 FR 66042

Small Entities Affected: None

Government Levels Affected: None

Agency Contact: Robert Motyka, Supervisory Financial Analyst, Federal Reserve System, Division of Banking Supervision and Regulation
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RIN: 7100-AB92

4339. REGULATION: K—INTERNATIONAL BANKING OPERATIONS (DOCKET NUMBER: R-0754)

Priority: Substantive, Nonsignificant

Legal Authority: 12 USC 3105; 12 USC 3108

CFR Citation: 12 CFR 211

Legal Deadline: None

Abstract: In January 1993, following review of the public comments, the Board issued a final rule implementing sections 202-204 and 206 of title II of the Federal Deposit Insurance Corporation Improvement Act of 1991, which, among other things, require prior approval of the Board for the establishment of branches, agencies, commercial lending companies, and representative offices by foreign banks in the United States (58 FR 6348, January 28, 1993).

The Board also requested additional public comment on those portions of the final rule that deal with representative offices of foreign banks. Comments were sought on the definition of representative office and on the standards that should govern the activities that a representative office may conduct. In January 1996, following review of the public comments, the Board adopted a final rule which allows foreign banks meeting certain criteria to utilize the Board's prior notice procedures; clarifies which foreign banks may establish general consent representative offices; and establishes a means by which "special purpose foreign government banks" may seek exemptions from the definition of "foreign bank" under the Foreign Banks Supervision Enhancement Act (61 FR 2899, January 30, 1996).

The amendments are not expected to have a significant economic impact on small institutions. The final rule also was a part of the Board's overall review of its regulations as required by section 303 of the Riegle Community Development and Regulatory Improvement Act of 1994.

Timetable:

Action	Date	FR Cite
Board issued an interim rule	04/15/92	57 FR 12992
Board issued a final rule and request for comment	01/28/93	58 FR 6348
Board issued final rule	01/30/96	61 FR 2899

Small Entities Affected: None

Government Levels Affected: None

Agency Contact: Ann Misback, Managing Senior Counsel, Federal Reserve System, Legal Division
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RIN: 7100-AB31

4340. REGULATION: K—INTERNATIONAL BANKING OPERATIONS (DOCKET NUMBER: R-0862)

Priority: Substantive, Nonsignificant

Legal Authority: 12 USC 211

CFR Citation: 12 CFR 211

Legal Deadline: None

Abstract: In December 1994, the Board issued for public comment proposed criteria to implement a portion of section 202(a) of the Federal Deposit Insurance Corporation Improvement Act of 1991 with respect to the criteria to be used in evaluating the operations of foreign banks that the Board has determined are not subject to comprehensive supervision or regulation on a consolidated basis (59 FR 64171, December 18, 1994). The criteria, as proposed, would not have a significant economic impact on a substantial number of small entities subject to the Board's regulation. In February 1996, following review of the public comments, the Board, in consultation with the Secretary of the Treasury, adopted the proposal substantially as proposed (61 FR 6918, February 23, 1996). The final rule also was reviewed as part of the Board's overall review of its regulations as required by section 303 of the Riegle Community Development and Regulatory Improvement Act of 1994.

Timetable:

Action	Date	FR Cite
Board requested public comment	12/13/94	59 FR 64171
Board adopted proposal	02/23/96	61 FR 6918

Small Entities Affected: None

Government Levels Affected: None

Agency Contact: Sandra Richardson, Managing Senior Counsel, Federal Reserve System, Legal Division
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RIN: 7100-AB58

4341. REGULATION: K—INTERNATIONAL BANKING OPERATIONS (DOCKET NUMBER: R-0896)

Priority: Substantive, Nonsignificant

Legal Authority: 12 USC 221 et seq; 12 USC 1841 et seq; 12 USC 3101 et seq

CFR Citation: 12 CFR 211

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Legal Deadline: None

Abstract: In September 1995, the Board issued for public comment proposed amendments to Regulation K to provide expanded general consent authority for de novo investments in foreign companies by U.S. banking organizations that are strongly capitalized and well managed (60 FR 49350, September 25, 1995). Following review of the public comments, the Board issued a final rule adopting the proposed amendments as modified to reflect the public comments (60 FR 67050, December 28, 1995). This expanded general consent authority is designed to permit U.S. banking organizations that are strongly capitalized and well managed to make larger investments without the need for prior approval or review. Certain investments or activities, however, are not eligible for the expanded authority. Investments under the expanded authority are subject to an annual aggregate limit and to a post-investment notice requirement. In addition, for those investments requiring prior notice to the Board, the final rule streamlines the processing of such notices.

The final rule is not expected to have a significant adverse economic impact on a substantial number of small entities. It affects only those U.S. banking organizations with foreign operations or that are engaged in foreign investment activities. The final rule also was reviewed as part of the Board's overall review of its regulations as required by section 303 of the Riegle Community Development and Regulatory Improvement Act of 1994.

Timetable:

Action	Date	FR Cite
Board requested comment	09/25/95	60 FR 49350
Board adopted proposal	12/28/95	60 FR 67050

Small Entities Affected: None

Government Levels Affected: None

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RIN: 7100-AC02

**4342. REGULATION: L—
MANAGEMENT OFFICIAL
INTERLOCKS (DOCKET NUMBER: R-
0825)**

Priority: Substantive, Nonsignificant

Legal Authority: 12 USC 3207

CFR Citation: 12 CFR 212

Legal Deadline: None

Abstract: Regulation L implements provisions of the Depository Institution Management Interlock Act (DIMIA), which regulates management interlocks among depository institutions. Among DIMIA's prohibitions are provisions barring management interlocks between depository organizations with offices in the same community or metropolitan statistical area (MSA). In November 1993, the Board approved soliciting comment on an amendment to Regulation L that would permit interlocks otherwise prohibited under the community or MSA provisions if the institutions involved hold in the

aggregate less than 20 percent of the deposits in the community or MSA (59 FR 7909, February 17, 1994). The amendment should benefit smaller organizations by giving them access to a larger pool of potential management officials. It is not expected that the proposal will have a significant adverse economic impact on a substantial number of depository institutions.

Subsequently, the Riegle Community Development and Regulatory Improvement Act of 1994 amended the Board's broad rulemaking authority by authorizing it to grant exemptions only in more narrow circumstances. In light of this statutory change, the Board withdrew its proposal as part of a new proposed joint agency rulemaking regarding management interlocks (Docket Number: R-0907; RIN 7100-AB90).

Timetable:

Action	Date	FR Cite
Board requested public comment	02/17/94	59 FR 7909
Board withdrew proposal	12/29/95	60 FR 67426

Small Entities Affected: None

Government Levels Affected: None

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RIN: 7100-AB72

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