

FEDERAL RESERVE SYSTEM**Notice of Proposals To Engage in Nonbanking Activities or to Acquire Companies That are Engaged in Nonbanking Activities**

Popular, Inc., Hato Rey, Puerto Rico (Notificant), has provided notice pursuant to section 4(c)(8) of the Bank Holding Company Act, 12 U.S.C. § 1843(c)(8) (BHC Act), and section 225.24 of the Board's Regulation Y (12 CFR 225.24), to acquire through its wholly owned subsidiary, Popular Cash Express, Inc., Orlando, Florida, certain assets of Florida Exchange, Ltd., Oak Park, Illinois, and Mirando-J., Inc., Oak Park, Illinois, and thereby engage in the approved and new nonbanking activities. The approved activities are: (1) extending credit, servicing loans, and related activities, pursuant to § 12 C.F.R. 225.28(b)(1) of the Board's Regulation Y; (2) leasing personal and real property, pursuant to § 225.28(b)(3) of the Board's Regulation Y; (3) providing financial and investment advisory services, pursuant to § 225.28(b)(6) of the Board's Regulation Y; (4) providing transactional services, pursuant to § 225.28(b)(7) of the Board's Regulation Y; (5) providing investing and trading services, pursuant to § 12 C.F.R. 225.28(b)(8)(ii) of the Board's Regulation Y; (6) acting as principal, agent or broker for insurance related to extensions of credit, pursuant to § 225.28(b)(11)(i) of the Board's Regulation Y; (7) acting as agent or broker for insurance directly related to an extension of credit as would be sold by a finance company, pursuant to § 225.28(b)(ii) of the Board's Regulation Y; (8) issuing and selling money orders, savings bonds, and traveler's checks, pursuant to § 225.28(b)(13) of the Board's Regulation Y. Notificant also proposes to engage in (1) check cashing services; (2) accepting bill payments; (3) accepting or disbursing change in exchange for currency in a different denomination; and (4) transmitting or wiring money on a worldwide basis. See *Midland Bank, PLC*, 76 Fed. Res. Bull. 860 (1990); and *Norwest Corporation*, 81 Fed. Res. Bull. 974 (1995) and 81 Fed. Res. Bull. 1130 (1995).

In addition, the Notificant proposes to engage, either alone or as an incident to other activities, in the following new nonbanking activities that the Board previously has not determined are closely related to banking under section 4(c)(8) of the BHC Act: (1) selling bus passes, transit tokens, prepaid phone cards, event and attraction tickets, prepaid cellular phone time and other similar forms of alternate media of

value; (2) selling postage stamps and postage-paid envelopes; (3) providing mailboxes and related services; (4) providing notary public services; (5) providing vehicle registration services and selling, distributing and renewing license plates and license tags for motor vehicles; (6) providing photocopying and facsimile transmission services; and (7) entering into arrangements with automobile clubs to promote membership in and services of such clubs. These activities will be conducted worldwide.

Section 4(c)(8) of the Bank Holding Company Act provides that a bank holding company may, with Board approval, engage in any activity that the Board, after due notice and opportunity for hearing, has determined (by order or regulation) to be so closely related to banking or managing or controlling banks as to be a proper incident thereto. A particular activity may be found to meet the "closely related to banking" test if it is demonstrated that banks generally have provided the proposed activity, that banks generally provide services that are operationally or functionally similar to the proposed activity so as to equip them particularly well to provide the proposed activity, or that banks generally provide services that are so integrally related to the proposed activity as to require their provision in a specialized form. *National Courier Ass'n v. Board of Governors*, 516 F.2d 1229, 1237 (D.C. Cir. 1975). In addition, the Board may consider any other basis that may demonstrate that the activity has a reasonable or close relationship to banking or managing or controlling banks. Board Statement Regarding Regulation Y, 49 FR 794, 806 (1984).

In publishing the proposal for comment, the Board does not take a position on issues raised by the proposal. Notice of the proposal is published solely to seek the views of interested persons on this issues presented by the notice and does not represent a determination by the Board that the proposal meets, or is likely to meet, the standards of the BHC Act. Any comments or requests for hearing should be submitted in writing and received by William W. Wiles, Secretary, Board of Governors of the Federal Reserve System, Washington, D.C. 20551, not later than December 5, 1997. 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.

This notice may be inspected at the office of the Board of Governors or the Federal Reserve Bank of New York.

Board of Governors of the Federal Reserve System, November 7, 1997.

Jennifer J. Johnson,

Deputy Secretary of the Board.

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FEDERAL RESERVE SYSTEM**Docket No. R-0989****Policy Statement on Payments System Risk; Modification to the Time Credits are Posted to Federal Reserve Accounts for Checks Drawn on Local Federal Reserve Banks for Purposes of Measuring Daylight Overdrafts**

AGENCY: Board of Governors of the Federal Reserve System.

ACTION: Policy Statement.

SUMMARY: The Board has modified the daylight overdraft measurement rules to accommodate an earlier afternoon presentment deadline for checks drawn on local Federal Reserve Banks.

EFFECTIVE DATE: November 14, 1997.

FOR FURTHER INFORMATION CONTACT: Myriam Payne, Senior Financial Services Analyst (202/452-3219), or Stacy Panigay, Financial Services Analyst (202/452-2934), Division of Reserve Bank Operations and Payment Systems; for the hearing impaired *only*: Telecommunications Device for the Deaf, Diane Jenkins (202/452-3544).

SUPPLEMENTARY INFORMATION:**Background**

When the Board modified the Payments System Risk Reduction policies in 1992 (57 FR 47093, October 14, 1992), it adopted a set of "posting rules" which comprise a schedule for the intraday timing of debits and credits to institutions' Federal Reserve accounts for different types of payments. With the implementation of these rules along with the imposition of fees for daylight overdrafts, the Board was interested in inducing behavioral changes to control risk and increase efficiency in the payments system. Under the daylight overdraft measurement rules that became effective on October 14, 1993, depository institutions that deposit in separately sorted cash letters Checks Drawn on Local Federal Reserve Banks