



Wednesday
October 29, 1997

Part LV

**Federal Reserve
System**

Semiannual Regulatory Agenda

FEDERAL RESERVE SYSTEM (FRS)

FEDERAL RESERVE SYSTEM

12 CFR Ch. II

Notice of 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 October 1, 1997, through April 1, 1998. The next semiannual agenda will be published in April 1998.

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 October 1997 agenda as part of the October 1997 Unified Agenda of Federal Regulatory and Deregulatory Actions, 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
4339	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
4340	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
4341	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
4342	Regulation: H—Membership of State Banking Institutions in the Federal Reserve System; and Regulation: Y—Bank Holding Companies and Change in Bank Control	7100-AC29
4343	Regulation: H—Membership of State Banking Institutions in the Federal Reserve System; and Regulation: Y—Bank Holding Companies and Change in Bank Control	7100-AC39
4344	Regulation: DD—Truth in Savings	7100-AC34
4345	Section 303 Regulatory Review	7100-AC09

Final Rule Stage

Sequence Number	Title	Regulation Identifier Number
4346	Regulation: B—Equal Credit Opportunity (Docket Number: R-0955)	7100-AC23
4347	Regulation: B—Equal Credit Opportunity (Docket Number: R-0978)	7100-AC35
4348	Regulation: D—Reserve Requirements of Depository Institutions (Docket Numbers: R-0929 and R-0956)	7100-AC11
4349	Regulation: D—Reserve Requirements of Depository Institutions (Docket Number: R-0980)	7100-AC36
4350	Regulation: E—Electronic Fund Transfers (Docket Number: R-0919)	7100-AC06
4351	Regulation: G—Securities Credit by Persons Other than Banks, Brokers, or Dealers; Regulation: T—Credit by Brokers and Dealers; Regulation: U—Credit by Banks (Docket Number: R-0923)	7100-AC12
4352	Regulation: G—Securities Credit by Persons Other Than Banks, Brokers, or Dealers; Regulation: T—Credit by Brokers and Dealers; Regulation: U—Credit by Banks (Docket Number R-0944)	7100-AC27
4353	Regulation: H—Membership of State Banking Institutions in the Federal Reserve System (Docket Number: R-0950)	7100-AC14
4354	Regulation: H—Membership of State Banking Institutions in the Federal Reserve System (Docket Number: R-0964)	7100-AC37
4355	Regulation: H—Membership of State Banking Institutions in the Federal Reserve System; and Regulation: K—International Banking Operations (Docket Number: R-0962)	7100-AC28
4356	Regulation: H—Membership of State Banking Institutions in the Federal Reserve System; Regulation: Y—Bank Holding Companies and Change in Bank Control (Docket Number: R-0930)	7100-AC13

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Final Rule Stage (Continued)

Sequence Number	Title	Regulation Identifier Number
4357	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-0976)	7100-AC38
4358	Regulation: I—Issue and Cancellation of Capital Stock of Federal Reserve Banks (Docket Number: R-0966)	7100-AC40
4359	Regulation: J—Collection of Checks and Other Items by Federal Reserve Banks and Funds Transfers Through Fedwire (Docket Number: R-0972)	7100-AC41
4360	Regulation: U—Credit by Banks for the Purpose of Purchasing or Carrying Margin Stocks (Docket Number: R-0905)	7100-AB65
4361	Regulation: Y—Bank Holding Companies and Change in Bank Control; Review of Restrictions in the Board's Section 20 Orders (Docket Number: R-0958)	7100-AC31
4362	Regulation: Z—Truth in Lending (Docket Number: R-0960)	7100-AC33
4363	Regulation: DD—Truth in Savings (Docket Numbers: R-0836 and R-0869)	7100-AB80
4364	Applicability of Sections 23A and 23B of the Federal Reserve Act to Transactions Between a Member Bank and Its Subsidiaries (Docket Number: R-0977)	7100-AC42
4365	Rules Regarding Availability of Information (Docket Number: R-0917)	7100-AC22
4366	Rules Regarding Availability of Information (Docket Number: R-0975)	7100-AC43

Completed Actions

Sequence Number	Title	Regulation Identifier Number
4367	Regulation: C—Home Mortgage Disclosure (Docket Number: R-0951)	7100-AC24
4368	Regulation: D—Reserve Requirements of Depository Institutions; and Regulation: I—Issue and Cancellation of Capital Stock of Federal Reserve Banks (Docket Number: R-0963)	7100-AC25
4369	Regulation: E—Electronic Fund Transfers (Docket Number: R-0959)	7100-AC26
4370	Regulation: H—Membership of State Banking Institutions in the Federal Reserve System (Docket Number: R-0909)	7100-AC07
4371	Regulation: H—Membership of State Banking Institutions in the Federal Reserve System; and Regulation: K—International Banking Operations (Docket Number: R-0921)	7100-AC15
4372	Regulation: M—Consumer Leasing (Docket Number: R-0952)	7100-AC30
4373	Regulation: O—Loans to Executive Officers, Directors, and Principal Shareholders of Member Banks (Docket Numbers: R-0924, R-0939, and R-0940)	7100-AC16
4374	Regulation: Z—Truth in Lending (Docket Number: R-0954)	7100-AC32

FEDERAL RESERVE SYSTEM (FRS)

Proposed Rule Stage

4339. 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

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Proposed Rule Stage

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. The Board and the other agencies will issue a notice of proposed rulemaking for public comment when interagency agreement is reached.

Timetable:

Action	Date	FR Cite
Board may consider amendments to Regulations H and Y by	04/00/98	

Small Entities Affected: None

Government Levels Affected: None

Agency Contact: Michael Starr, Senior Attorney, Federal Reserve System, Division of Banking Supervision and Regulation
Phone: 202 452-5874

RIN: 7100-AB39

4340. 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	12/00/97	

Small Entities Affected: Businesses

Government Levels Affected: None

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

RIN: 7100-AB41

4341. 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 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 advance 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 two 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 and direct credit substitutes or purchasing asset-backed securities. It is not expected that the proposals will have a significant economic impact.

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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 by	10/00/97	

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

4342. 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 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 1816; 12 USC 1818; 12 USC 1823(j); 12 USC 1828(o); 12 USC 1831o; ...

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

Legal Deadline: None

Abstract: Within the next two months, it is expected that the Board will issue for public comment proposals to revise the Federal Reserve's risk-based capital treatment for junior liens on 1- to 4-family residential properties and for investments in mutual funds. The proposals also simplify the Federal Reserve's leverage capital guidelines for banks and make the leverage capital guidelines for bank holding companies consistent with a recently approved definition of a well-capitalized bank holding company.

The proposals are being developed on an interagency basis as part of the efforts under section 303 of the Riegle Community Development and Regulatory Improvement Act of 1994 to make interagency guidelines uniform. After the other agencies have completed their approval processes, the proposals will be issued for public comment. It is not anticipated that the

proposals will have a significant economic impact on a substantial number of small entities subject to the Board's regulation.

Timetable:

Action	Date	FR Cite
Board is expected to request comment by	10/00/97	

Small Entities Affected: None

Government Levels Affected: None

Agency Contact: Barbara Bouchard, Supervisory Financial Analyst, Federal Reserve System, Division of Banking Supervision and Regulation
Phone: 202 452-3072

RIN: 7100-AC29

4343. • 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 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 1816; 12 USC 1818; 12 USC 1823(j); 12 USC 1828(o); 12 USC 1831o; ...

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

Legal Deadline: None

Abstract: Within the next two months, the Board is expected to issue for public comment a proposal to revise the Federal Reserve's risk-based capital guidelines to permit certain revaluation gains on equity securities in Tier 2 capital. Under the proposal an institution would be permitted to include in Tier 2 capital up to 45 percent of its unrealized revaluation gains on prudently valued equity securities. This treatment is consistent with the Basle Accord.

It is not expected that the proposal will have a significant economic impact on a substantial number of small entities subject to the Board's regulation.

Timetable:

Action	Date	FR Cite
Board is expected to request comment by	10/00/97	

Small Entities Affected: None

Government Levels Affected: None

Agency Contact: Barbara Bouchard, Supervisory Financial Analyst, Federal Reserve System, Division of Banking Supervision and Regulation
Phone: 202 452-3072

RIN: 7100-AC39

4344. REGULATION: DD—TRUTH IN SAVINGS

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 September 1996, the Congress amended the Truth in Savings Act as a part of the Economic Growth and Regulatory Paperwork Reduction Act of 1996. The amendments repeal the definition of "indoor lobby sign," eliminate any disclosure requirements for nonrenewing time accounts with terms less than 30 days, and exempt certain credit unions from coverage. Within the next two months, the Board is expected to consider proposing for public comment amendments to implement the statutory changes. It is not expected that there will be a significant economic impact on small institutions.

Timetable:

Action	Date	FR Cite
Board is expected to request comment by	10/00/97	

Small Entities Affected: None

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-AC34

4345. SECTION 303 REGULATORY REVIEW

Priority: Substantive, Nonsignificant

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

CFR Citation: 12 CFR ch II

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Proposed Rule Stage

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). A progress report was sent to the Congress in September 1996.

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 statement/other regulatory guidance. Reviews already proposed for public comment appear elsewhere in the Agenda.

Regulation B, Equal Credit Opportunity.

Regulation C, Home Mortgage Disclosure.

Regulation H and Y, Appendices, Capital Adequacy Guidelines.

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

Timetable:

Action	Date	FR Cite
Board action expected during the next six months	04/00/98	

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

4346. REGULATION: B—EQUAL CREDIT OPPORTUNITY (DOCKET NUMBER: R-0955)

Priority: Substantive, Nonsignificant

Legal Authority: 15 USC 1691 to 1691f

CFR Citation: 12 CFR 202

Legal Deadline: Final, Statutory, March 31, 1997.

Abstract: On September 30, 1996, the President signed into law amendments to the Equal Credit Opportunity Act (ECOA) as part of the Economic Growth and Regulatory Paperwork Reduction Act of 1996 (1996 Act). Section 2302 of the 1996 Act creates a legal privilege for information developed by creditors through "self-tests" conducted to determine the level or effectiveness of creditor compliance with the ECOA, provided that appropriate corrective action is taken to address any possible violations that may be discovered. Privileged information may not be obtained by a government agency for use in an examination or investigation relating to fair lending compliance or by a government agency or credit applicant in any civil proceeding in which a violation of the ECOA is alleged. The 1996 Act also provides that a challenge to a creditor's claim of privilege may be filed in any court or administrative law proceeding with appropriate jurisdiction. In January 1997, the Board issued for public comment regulations, including a definition of what constitutes a "self-test" (62 FR 56, January 2, 1997). The

proposed regulations would define a "self-test" as any program, practice, or study that creates data or factual information about the creditor's compliance with the ECOA that is not available or derived from loan files or other records related to credit transactions. This includes but is not limited to the practice of using fictitious loan applicants (testers).

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

Timetable:

Action	Date	FR Cite
Board requested comment	01/02/97	62 FR 56
Further Board action by	10/00/97	

Small Entities Affected: None

Government Levels Affected: State, Federal

Agency Contact: James A. Michaels, Senior Attorney, Federal Reserve System, Division of Consumer and Community Affairs
Phone: 202 452-3667

RIN: 7100-AC23

4347. • REGULATION: B—EQUAL CREDIT OPPORTUNITY (DOCKET NUMBER: R-0978)

Priority: Substantive, Nonsignificant

Legal Authority: 15 USC 1691

CFR Citation: 12 CFR 202

Legal Deadline: None

Abstract: Regulation B requires creditors to provide a consumer with a notice of action taken if an application for credit is denied, an account is terminated, or the terms of an account are unfavorably changed. The Fair Credit Reporting Act (FCRA) requires creditors that take adverse action against a consumer, such as denying an application for credit, to provide the consumer with certain disclosures if the action is based on a credit report provided by a consumer reporting agency or information obtained from a third party. Creditors have the option of including the FCRA disclosures with the notice of action taken required under Regulation B; appendix C to Regulation B provides model forms that combine the current FCRA and Equal Credit Opportunity Act disclosures.

The Economic Growth and Regulatory Paperwork Reduction Act of 1996 made extensive changes to the FCRA, including requiring that additional disclosures be given to consumers who are denied credit. In July 1997, the Board requested public comment on proposed changes to the FCRA portion of Regulation B's model forms C-1

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through C-5 and to the general instructions for these forms (62 FR 37166, July 11, 1997). Following review of the public comments, the Board is expected to adopt final amended model forms prior to the effective date of the FCRA amendments (September 30, 1997) to ease compliance for creditors that choose to use the forms. The proposals are not expected to have a significant economic impact on small entities.

Timetable:

Action	Date	FR Cite
Board requested comment	07/11/97	62 FR 37166
Further Board action by	10/00/97	

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-AC35

4348. REGULATION: D—RESERVE REQUIREMENTS OF DEPOSITORY INSTITUTIONS (DOCKET NUMBERS: R-0929 AND R-0956)

Priority: Substantive, Nonsignificant

Legal Authority: 12 USC 248(a); 12 USC 248(c); 12 USC 371a; 12 USC 461; 12 USC 601; 12 USC 611; 12 USC 3105

CFR Citation: 12 CFR 208

Legal Deadline: None

Abstract: In June 1996, as part of its regulatory review process mandated by section 303 of the Riegle Community Development and Regulatory Improvement Act of 1994, the Board approved issuing for public comment a proposal to amend Regulation D in order to reduce burden and simplify and update regulatory requirements (61 FR 30545, June 17, 1996). In general, the proposal would delete transitional rules relating to the expansion of reserve requirements to nonmember depository institutions, the authorization of NOW accounts nationwide, and other matters that no longer have a significant effect.

In December 1996, following review of the public comments, the Board adopted the revisions substantially as proposed (61 FR 69020, December 31, 1996).

At the same time, the Board issued for public comment a proposed rule that would revise and clarify the definition of "savings deposit" consistent with comments received in connection with the Board's June proposal and would make conforming changes to the definition of "transaction account" (61 FR 96054, December 31, 1996). It is not expected that the proposal will have a significant adverse impact upon a substantial number of small entities. Following review of the public comments, the Board is expected to take further action by year-end.

Timetable:

Action	Date	FR Cite
Board requested comment	06/17/96	61 FR 30545
Board adopted June 1996 proposal	12/31/96	61 FR 69020
Board requested comment on additional proposal	12/31/96	61 FR 69054
Further Board action by	12/00/97	

Small Entities Affected: None

Government Levels Affected: None

Agency Contact: Rick Heyke, Staff Attorney, Federal Reserve System, Legal Division
Phone: 202 452-3688

RIN: 7100-AC11

4349. • REGULATION: D—RESERVE REQUIREMENTS OF DEPOSITORY INSTITUTIONS (DOCKET NUMBER: R-0980)

Priority: Substantive, Nonsignificant

Legal Authority: 12 USC 248(a); 12 USC 248(c); 12 USC 371a; 12 USC 461; 12 USC 601; 12 USC 611; 12 USC 3105

CFR Citation: 12 CFR 204

Legal Deadline: None

Abstract: In August 1997, the Board approved issuing for public comment proposed amendments to Regulation D to allow U.S. branches and agencies of foreign banks and Edge and Agreement corporations to choose whether to aggregate reserves on a nationwide basis in a single account at one Reserve Bank or to continue the current practice of having separate accounts on a same-State/same-District basis (62 FR 42708, August 8, 1997). The amendments would also update and clarify the pass-through account rules in Regulation D for all institutions. These amendments would facilitate interstate banking and

eliminate certain restrictions applicable to pass-through accounts.

Following review of the public comments, the Board is expected to take further action within the next three months. The amendments would not have a significant economic impact on a substantial number of small entities.

Timetable:

Action	Date	FR Cite
Board requested comment	08/08/97	62 FR 42708
Further Board action by	11/00/97	

Small Entities Affected: None

Government Levels Affected: None

Agency Contact: Stephanie Martin, Senior Attorney, Federal Reserve System, Legal Division
Phone: 202 452-3198

RIN: 7100-AC36

4350. REGULATION: E—ELECTRONIC FUND TRANSFERS (DOCKET NUMBER: R-0919)

Priority: Substantive, Nonsignificant

Legal Authority: 15 USC 1693 et seq

CFR Citation: 12 CFR 205

Legal Deadline: None

Abstract: In May 1996, the Board issued for public comment proposed amendments to Regulation E imposing modified requirements on stored-value products in systems that track individual transactions, cards, or consumers and providing an exemption for cards on which a maximum value of \$100 can be stored (61 FR 19696, May 2, 1996).

The Board also proposed extending the error-resolution time limits for new accounts and permitting electronic communications to substitute generally for oral or written disclosures, documentation, and notices required under Regulation E.

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 would have a significant economic impact on small institutions. Following review of the public comments, the Board is expected to take further action on the proposed amendments within the next six months.

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Final Rule Stage

Timetable:

Action	Date	FR Cite
Board requested comment	05/02/96	61 FR 19696
Further Board action by	04/00/98	

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

4351. REGULATION: G—SECURITIES CREDIT BY PERSONS OTHER THAN BANKS, BROKERS, OR DEALERS; REGULATION: T—CREDIT BY BROKERS AND DEALERS; REGULATION: U—CREDIT BY BANKS (DOCKET NUMBER: R-0923)

Priority: Substantive, Nonsignificant**Legal Authority:** 15 USC 78g Securities Exchange Act of 1934, as amended; 15 USC 78w Securities Exchange Act of 1934, as amended**CFR Citation:** 12 CFR 207; 12 CFR 220; 12 CFR 221**Legal Deadline:** None

Abstract: The Board is conducting a periodic review of its margin regulations. The first regulation to be reviewed was Regulation T, which regulates extensions of credit by and to brokers and dealers (see Docket Numbers R-0772, RIN 7100-AB28 and R-0840, RIN 7100-AB78). In May 1996, at the same time the Board adopted a revised Regulation T, it requested public comment on additional amendments to Regulations G, T, and U (61 FR 20399, May 6, 1996). The proposed amendments would allow broker-dealers to extend good-faith credit on any non-equity security; allow transactions involving non-equity securities to be effected in an account not subject to the restrictions of Regulation T's margin account; remove restrictions on the ability of broker-dealers to calculate required margin for non-equity securities on a "portfolio" basis; relax the Board's collateral requirements for the borrowing and lending of securities; and exempt from Regulation T any credit extended abroad by a U.S. broker-dealer on foreign securities to foreign persons. The proposal also seeks comment on

whether the Board should expand the number of equity securities eligible for loan value under Regulation T and whether the Board should amend Regulations G and U to modify their method for determining which equity securities qualify as margin stock.

It is not anticipated that the revisions would have a significant economic impact on the overall lending activities of a substantial number of small lenders. Following review of the public comments, the Board is expected to take further action within the next three months. The proposals are 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 requested comment	05/06/96	61 FR 20399
Further Board action by	11/00/97	

Small Entities Affected: None**Government Levels Affected:** None**Agency Contact:** Scott Holz, Senior Attorney, Federal Reserve System, Legal Division
Phone: 202 452-2966**RIN:** 7100-AC12

4352. REGULATION: G—SECURITIES CREDIT BY PERSONS OTHER THAN BANKS, BROKERS, OR DEALERS; REGULATION: T—CREDIT BY BROKERS AND DEALERS; REGULATION: U—CREDIT BY BANKS (DOCKET NUMBER R-0944)

Priority: Substantive, Nonsignificant**Legal Authority:** 15 USC 78g Securities Exchange Act of 1934, as amended; 15 USC 78w Securities Exchange Act of 1934, as amended**CFR Citation:** 12 CFR 207; 12 CFR 220; 12 CFR 221**Legal Deadline:** None

Abstract: On October 11, 1996, the President signed the National Securities Markets Improvement Act of 1996 (the Markets Improvement Act). Under the Markets Improvement Act, the Board no longer has the authority to regulate certain loans to registered broker-dealers unless it finds that such rules are necessary or appropriate in the public interest or for the protection of

investors. The Markets Improvement Act also repeals section 8(a) of the Securities Exchange Act of 1934, which limited the sources of credit for broker-dealers who pledge exchange-traded equity securities to certain banks and other broker-dealers. In November 1996, the Board solicited comment on amendments to its margin regulations (Regulations G, T, and U) to implement the statutory amendments in the Markets Improvement Act and further the policies behind their adoption (61 FR 60168, November 26, 1996).

It is not anticipated that the proposal 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 two months.

Timetable:

Action	Date	FR Cite
Board requested comment	11/26/96	61 FR 60168
Further Board action by	10/00/97	

Small Entities Affected: None**Government Levels Affected:** None**Agency Contact:** Scott Holz, Senior Attorney, Federal Reserve System, Legal Division
Phone: 202 452-2966**RIN:** 7100-AC27

4353. REGULATION: H—MEMBERSHIP OF STATE BANKING INSTITUTIONS IN THE FEDERAL RESERVE SYSTEM (DOCKET NUMBER: R-0950)

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 1818; 12 USC 1823(j); 12 USC 1828(o); 12 USC 1831o; 12 USC 1831p-1; ...**CFR Citation:** 12 CFR 208**Legal Deadline:** None

Abstract: In December 1996, the Board, the Federal Deposit Insurance Corporation, and the Office of the Comptroller of the Currency jointly published for comment a proposed regulation establishing a professional qualification program for banks that engage in retail recommendations and sales of certain securities using their own employees (61 FR 68824,

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December 30, 1996). The proposed regulation will establish qualification testing, registration, and continuing education requirements for bank employees that act in the capacity of bank securities representatives. The proposed requirements will be based on the professional qualification rules of the securities self-regulatory organizations. It is not anticipated that the proposal 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 two months.

Timetable:

Action	Date	FR Cite
Board requested comment	12/30/96	61 FR 68824
Further Board action by	10/00/97	

Small Entities Affected: None

Government Levels Affected: None

Agency Contact: Angela Desmond, Senior Counsel, Federal Reserve System, Division of Banking Supervision and Regulation
Phone: 202 452-2781

RIN: 7100-AC14

4354. • REGULATION: H—MEMBERSHIP OF STATE BANKING INSTITUTIONS IN THE FEDERAL RESERVE SYSTEM (DOCKET NUMBER: R-0964)

Priority: Substantive, Nonsignificant

Legal Authority: 12 USC 24; 12 USC 36; 12 USC 248(a); 12 USC 248(c); 12 USC 321 to 338a; 12 USC 481 to 486; 12 USC 601; 12 USC 611; 12 USC 1814; 12 USC 1816; 12 USC 1818; 12 USC 1820(d)(9); 12 USC 1823(j); 12 USC 1828(o); 12 USC 1831(o); ...

CFR Citation: 12 CFR 208

Legal Deadline: None

Abstract: In March 1997, the Board issued for public comment proposed amendments to subpart A of Regulation H regarding the general provisions for membership in the Federal Reserve System and subpart E, Interpretations of Regulation H (62 FR 15272, March 31, 1997). The proposed amendments reduce regulatory burden and simplify and update requirements of Regulation H.

The amended subpart A of Regulation H will, when fully effective, replace the existing subpart A in its entirety; it will also eliminate several obsolete interpretations. Also, as part of the revisions, the Board is rescinding Regulation P, Security Procedures, and incorporating its provisions into Regulation H (Docket Number R-0965). The proposal to modernize subpart A of Regulation H is in accordance with the Board's policy of reviewing its regulations as well as the Board's review of regulations under section 303 of the Riegle Community Development and Regulatory Improvement Act of 1994. It is expected that the proposed changes will reduce the time and costs associated with complying with Regulation H, thereby improving the ability of small organizations to conduct business on a more cost-efficient basis.

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 on Regulations H and P	03/31/97	62 FR 15272
Further Board action by	10/00/97	

Small Entities Affected: None

Government Levels Affected: None

Agency Contact: Jean Anderson, Staff Attorney, Federal Reserve System, Legal Division
Phone: 202 452-3707

RIN: 7100-AC37

4355. REGULATION: H—MEMBERSHIP OF STATE BANKING INSTITUTIONS IN THE FEDERAL RESERVE SYSTEM; AND REGULATION: K—INTERNATIONAL BANKING OPERATIONS (DOCKET NUMBER: R-0962)

Priority: Substantive, Nonsignificant

Legal Authority: 12 USC 1835a

CFR Citation: 12 CFR 208; 12 CFR 211

Legal Deadline: Final, Statutory, June 1, 1997.

Abstract: Section 109 of the Riegle-Neal Interstate Banking and Branching Efficiency Act of 1994 requires the Federal banking agencies to prescribe uniform regulations to prohibit an out-

of-state bank from using the authority provided by the act to engage in interstate branching primarily for the purpose of deposit production. In March 1997, the Board issued for public comment a proposed rule to implement section 109 jointly with the Federal Deposit Insurance Corporation and the Office of the Comptroller of the Currency (62 FR 12730, March 17, 1997). The proposed rules would prohibit the use of interstate branches for deposit production and provide guidelines for determining whether a bank is reasonably helping to meet the needs of the communities served by interstate branches.

It is not anticipated that regulations adopted under section 109 would have a significant economic impact on a substantial number of small entities subject to regulation by the Board, as any rules adopted pursuant to section 109 would apply only to banks with interstate branches. 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	03/17/97	62 FR 12730
Further Board action by	10/00/97	

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-AC28

4356. REGULATION: H—MEMBERSHIP OF STATE BANKING INSTITUTIONS IN THE FEDERAL RESERVE SYSTEM; REGULATION: Y—BANK HOLDING COMPANIES AND CHANGE IN BANK CONTROL (DOCKET NUMBER: R-0930)

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 1831(o); 12 USC 1831p-1; 12 USC 3105; ...

CFR Citation: 12 CFR 208 app A

Legal Deadline: None

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Abstract: In August 1996, the Board issued for public comment a proposal to revise the risk-based capital treatment for certain collateralized transactions (61 FR 42565, August 16, 1996). Under the Board's existing risk-based capital treatment, the portion of a transaction that is supported by qualifying collateral (that is, cash or OECD government securities) is risk-weighted at 20 percent. Transactions that are fully supported by collateral with a positive margin may be eligible for a zero percent risk weight. Generally, the proposal would permit a portion of a transaction that is fully supported with a positive margin of collateral to be eligible for a zero percent risk weight. The portion that is to be continuously collateralized must be specified by the parties.

This proposal was developed on an interagency basis and, if adopted, would eliminate one of the substantive differences among the agencies with regard to the risk-based capital treatment for collateralized transactions. It would implement part of the Riegle Community Development and Regulatory Improvement Act of 1994, which requires the agencies to make uniform regulations and guidelines implementing common supervisory policies. The effect of the proposal would be to allow institutions to hold less capital for certain collateralized transactions. It is not expected to 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 by year-end.

Timetable:

Action	Date	FR Cite
Board requested comment	08/16/96	61 FR 42565
Further Board action by	12/00/97	

Small Entities Affected: None

Government Levels Affected: None

Agency Contact: Barbara Bouchard, Supervisory Financial Analyst, Federal Reserve System, Division of Banking Supervision and Regulation
Phone: 202 452-3072

RIN: 7100-AC13

4357. • 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-0976)

Priority: Substantive, Nonsignificant

Legal Authority: 12 USC 24; 12 USC 36; 12 USC 92(a); 12 USC 93(a); 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 1816; 12 USC 1818; ...

CFR Citation: 12 CFR 208; 12 CFR 225

Legal Deadline: None

Abstract: In July 1997, the Board approved issuing for public comment a proposal to revise the risk-based and Tier 1 leverage capital adequacy guidelines for State member banks and bank holding companies to address the treatment of servicing assets on both mortgage assets and financial assets other than mortgages (non-mortgages) (62 FR 42006, August 4, 1997). The proposed rule was developed in response to a recent Financial Accounting Standards Board accounting standard that affects servicing assets; that is, Statement of Financial Accounting Standards No. 125, "Accounting For Transfers and Servicing of Financial Assets and Extinguishments of Liabilities" issued in June 1996. Under this proposed rule, the limitation on the amount of mortgage servicing assets (and purchased credit card relationships) that can be recognized as a percent of Tier 1 capital would be increased from 50 to 100 percent. Also, all non-mortgage servicing assets would be fully deducted from Tier 1 capital. This proposal is a joint proposal of the Board, the Federal Deposit Insurance Corporation, the Office of the Comptroller of the Currency, and the Office of Thrift Supervision.

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 and the other banking agencies are expected to take further action by year-end.

Timetable:

Action	Date	FR Cite
Board requested comment	08/04/97	62 FR 42006
Further Board action by	12/00/97	

Small Entities Affected: None

Government Levels Affected: None

Agency Contact: Arleen Lustig, Supervisory Financial Analyst, Federal Reserve System, Division of Banking Supervision and Regulation
Phone: 202 452-2987

RIN: 7100-AC38

4358. • REGULATION: I—ISSUE AND CANCELLATION OF CAPITAL STOCK OF FEDERAL RESERVE BANKS (DOCKET NUMBER: R-0966)

Priority: Substantive, Nonsignificant

Legal Authority: 12 USC 222; 12 USC 282; 12 USC 286 to 288; 12 USC 321; 12 USC 323; 12 USC 327 to 328; 12 USC 333

CFR Citation: 12 CFR 209

Legal Deadline: None

Abstract: In March 1997, the Board issued for public comment proposed amendments to Regulation I to reduce regulatory burden and simplify and update the regulation (62 FR 15297, March 31, 1997). The proposals are a part of the Board's regular review of its regulations as well as the overall review of its regulations under section 303 of the Riegle Community Development and Regulatory Improvement Act of 1994. In general, the amendments condense the regulation and reflect the replacement of share certificates by a book-entry system. The proposal also codifies Board and staff interpretations. Finally, the amendments delete references to specific obsolete forms or forms which no longer have the same identification numbers.

The proposal would apply to all Federal Reserve Banks and member banks regardless of size and would be burden-reducing. Therefore, the proposal would not have a significant adverse economic impact on a substantial number of small entities. Following review of the public comments, the Board is expected to take further action by year-end.

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Timetable:

Action	Date	FR Cite
Board requested comment	03/31/97	62 FR 15297
Further Board action by	12/00/97	

Small Entities Affected: None

Government Levels Affected: None

Agency Contact: Rick Heyke, Staff Attorney, Federal Reserve System, Legal Division
Phone: 202 452-3688

RIN: 7100-AC40

4359. • REGULATION: J—COLLECTION OF CHECKS AND OTHER ITEMS BY FEDERAL RESERVE BANKS AND FUNDS TRANSFERS THROUGH FEDWIRE (DOCKET NUMBER: R-0972)

Priority: Substantive, Nonsignificant

Legal Authority: 12 USC 248(i); 12 USC 248(j); 12 USC 248(o); 12 USC 342; 12 USC 360; 12 USC 464; 12 USC 4001 to 4010

CFR Citation: 12 CFR 210

Legal Deadline: None

Abstract: Effective January 2, 1998, the Federal Reserve Banks will begin to implement a policy under which each chartered depository institution may maintain only a single funds account with the Federal Reserve. A single account will establish a single debtor-creditor relationship between each institution and a Federal Reserve Bank and will make account management more efficient for banks with interstate branches. In May 1997, the Board issued for public comment proposed amendments to subpart A of Regulation J to conform the Federal Reserve check collection rules to the single account structure (62 FR 27547, May 20, 1997). Under the proposed Regulation J amendments, all of an institution's check collection transactions through the Federal Reserve Banks would be reflected in a single account held at the institution's Administrative Reserve Bank. The proposed Regulation J amendments would generally permit an institution to send an item to any Reserve Bank for collection.

The proposal will apply to all institutions, regardless of size, that send checks, returned checks, or other items to a Reserve Bank or receive items from a Reserve Bank. The

proposed rule sets out the terms under which the Reserve Banks handle items and should not 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 two months.

Timetable:

Action	Date	FR Cite
Board requested comment	05/20/97	62 FR 27547
Further Board action by	10/00/97	

Small Entities Affected: None

Government Levels Affected: None

Agency Contact: Stephanie Martin, Senior Attorney, Federal Reserve System, Legal Division
Phone: 202 452-3198

RIN: 7100-AC41

4360. 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 satisfy requirements under section 303 of the Riegle Community Development and Regulatory Improvement Act of 1994.

In May 1996, the Board requested comment on Regulations G, T, and U (Docket Number R-0923, 61 FR 20399, May 6, 1996). The proposal includes

a request for comment on the appropriate scope of Regulation U by soliciting views on the definition of "margin stock."

In October 1996, the Board requested comment on Regulations G, T, and U (Docket Number R-0944, 61 FR 60168, November 26, 1996). The proposal seeks comment on amendments to implement the National Securities Markets Improvement Act of 1996, which limits the Board's authority to regulate extensions of credit to certain broker-dealers. Responses to both the May and the October 1996 requests are also being considered as part of the Regulation U review.

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	10/00/97	

Small Entities Affected: None

Government Levels Affected: None

Agency Contact: Scott Holz, Senior Attorney, Federal Reserve System, Legal Division
Phone: 202 452-2966

RIN: 7100-AB65

4361. REGULATION: Y—BANK HOLDING COMPANIES AND CHANGE IN BANK CONTROL; REVIEW OF RESTRICTIONS IN THE BOARD'S SECTION 20 ORDERS (DOCKET NUMBER: R-0958)

Priority: Economically Significant. Major under 5 USC 801.

Legal Authority: 12 USC 1843(c)(8)

CFR Citation: 12 CFR 225

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 the member bank may not underwrite and deal in directly ("ineligible securities"). Beginning in 1987, the Board has issued a series of

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orders authorizing bank holding companies to establish "section 20 subsidiaries" to engage in underwriting and dealing in ineligible securities. In those orders, the Board established a series of prudential restrictions as conditions for approval under the Bank Holding Company Act. The restrictions are designed to prevent securities underwriting and dealing risk from being passed from a section 20 subsidiary to an affiliated insured depository institution, and thus to the Federal safety net, and to mitigate the potential for conflicts of interest, unfair competition, and other adverse effects that may arise from the conduct of ineligible securities activities.

In January 1997, the Board issued for public comment a proposal to remove most of the prudential restrictions that apply to section 20 subsidiaries (62 FR 2622, January 17, 1997). The Board noted that the prudential restrictions were adopted when the Board had little experience supervising investment banks in the United States and before the existence of a number of significant protections currently in place. In view of these factors and the fact that the prudential restrictions prevent bank holding companies from reaping possible synergy gains from the operation of an investment bank, the Board proposed removing most of the prudential restrictions and retaining only those that address bank safety and soundness, significant conflicts of interest, or other concerns that are not addressed by other statutes or regulations.

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 two months.

Timetable:

Action	Date	FR Cite
Board requested comment	01/17/97	62 FR 2622
Further Board action by	10/00/97	

Small Entities Affected: None

Government Levels Affected: None

Agency Contact: Greg Baer, Managing Senior Counsel, Federal Reserve System, Legal Division

Phone: 202 452-3236

RIN: 7100-AC31

4362. REGULATION: Z—TRUTH IN LENDING (DOCKET NUMBER: R-0960)

Priority: Substantive, Nonsignificant

Legal Authority: 12 USC 1601 et seq

CFR Citation: 12 CFR 226

Legal Deadline: None

Abstract: In January 1997, the Board approved issuing for public comment a proposal to revise the variable-rate disclosure provisions in Regulation Z (62 FR 5183, February 4, 1997). The revisions implement an amendment to the Truth in Lending Act (TILA) contained in the Economic Growth and Regulatory Paperwork Reduction Act of 1996. The TILA requires creditors to provide consumers with uniform cost and other disclosures about consumer credit transactions. The amendment applies to variable-rate loans with a term exceeding one year and secured by the consumer's principal dwelling. The amendment allows creditors either (1) to disclose an historical example of how rates tied to a particular index or formula moved over a fifteen-year period and how rate changes affected loan payments based on a \$10,000 loan or (2) to give a statement that the periodic payment may substantially increase or decrease together with a maximum interest rate and payment based on a \$10,000 loan.

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 two months.

Timetable:

Action	Date	FR Cite
Board requested comment	02/04/97	62 FR 5183
Further Board action by	10/00/97	

Small Entities Affected: None

Government Levels Affected: None

Agency Contact: Kyung Cho-Miller, Attorney, Federal Reserve System, Division of Consumer and Community Affairs

Phone: 202 452-2412

RIN: 7100-AC33

4363. REGULATION: DD—TRUTH IN SAVINGS (DOCKET NUMBERS: R-0836 AND 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 Number 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.

Staff has reviewed the public comments and is expected to forward the matter to the Board within the next two months.

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

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Action	Date	FR Cite
Board requested further comment	01/26/95	60 FR 5142
Further Board action by	10/00/97	

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

4364. • APPLICABILITY OF SECTIONS 23A AND 23B OF THE FEDERAL RESERVE ACT TO TRANSACTIONS BETWEEN A MEMBER BANK AND ITS SUBSIDIARIES (DOCKET NUMBER: R-0977)

Priority: Substantive, Nonsignificant
Legal Authority: 12 USC 371c(b)(1)(E)
CFR Citation: 12 CFR 250.243
Legal Deadline: None
Abstract: Sections 23A and 23B of the Federal Reserve Act restrict the ability of a member bank to fund an affiliate through direct investment, loans, or other transactions. In July 1997, the Board issued for public comment a proposal to apply sections 23A and 23B to transactions between a member bank and any subsidiary that engages in activities that are impermissible for the bank itself and that Congress has not previously exempted from coverage by section 23A (62 FR 37744, July 15, 1997). The proposed treatment is largely consistent with the existing treatment of these subsidiaries by the other banking agencies, which have applied sections 23A and 23B in some form to transactions between a bank and such subsidiaries. The issuance of the regulations will avoid the application of sections 23A and 23B on an ad hoc basis by different agencies, which could result in confusion and inconsistencies.

The proposal is not expected to have a significant economic impact on a substantial number of small businesses. Following review of the public comments, the Board is expected to take further action by year-end.

Timetable:

Action	Date	FR Cite
Board requested comment	07/15/97	62 FR 37744

Action	Date	FR Cite
Further Board action by	12/00/97	

Small Entities Affected: None
Government Levels Affected: State, Federal
Agency Contact: Pamela G. Nardolilli, Senior Attorney, Federal Reserve System, Legal Division
 Phone: 202 452-3289
RIN: 7100-AC42

4365. RULES REGARDING AVAILABILITY OF INFORMATION (DOCKET NUMBER: R-0917)

Priority: Substantive, Nonsignificant
Legal Authority: 5 USC 552; 12 USC 248(i); 12 USC 248(k); 12 USC 321 et seq; 12 USC 611 et seq; 12 USC 1442; 12 USC 1817(a)(2)(A); 12 USC 1817(a)(8); 12 USC 1818(u); 12 USC 1818(v); 12 USC 1821(o); 12 USC 1821(t); 12 USC 1830; 12 USC 1844; 12 USC 1951 et seq; ...
CFR Citation: 12 CFR 261
Legal Deadline: None

Abstract: In February 1996, the Board issued for public comment proposed amendments to its Rules Regarding Availability of Information (61 FR 7436, February 28, 1996). The proposed amendments, although primarily technical in nature, are intended to improve the Board's efficiency in processing requests for the disclosure of publicly available information as well as confidential supervisory information. It is not anticipated that the proposed amendments will have a significant economic impact on a substantial number of small entities subject to the regulation.

In light of the passage of time since the Board's February 1996 proposal was issued for public comment, the Board will make changes in that proposal based on the comments received and will reissue revised proposed amendments for further comment. The February 1996 proposal deals primarily with the discretionary authority of the Board's General Counsel to produce information. These amendments 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. Further Board action on the remainder of the regulation is expected by year-end.

In a separate action, the Board recently published for public comment further proposed amendments to those subparts of the Board's Rules Regarding Availability of Information that implement the Freedom of Information Act and the Electronic Freedom of Information Act Amendments of 1996 (62 FR 31526, June 10, 1997; Docket Number R-0975). It is expected that these amendments will be implemented by October 2, 1997.

Timetable:

Action	Date	FR Cite
Board requested comment	02/28/96	61 FR 7436
Further Board action by	12/00/97	

Small Entities Affected: None
Government Levels Affected: None
Agency Contact: Karen Appelbaum, Attorney, Federal Reserve System, Legal Division
 Phone: 202 452-3389
RIN: 7100-AC22

4366. • RULES REGARDING AVAILABILITY OF INFORMATION (DOCKET NUMBER: R-0975)

Priority: Substantive, Nonsignificant
Legal Authority: 5 USC 552
CFR Citation: 12 CFR 261
Legal Deadline: Final, Statutory, October 2, 1997.

Abstract: In June 1997, as a result of amendments to the Freedom of Information Act (FOIA), the Board issued for public comment proposed changes to its Rules Regarding Availability of Information (Rules) (62 FR 31526, June 10, 1997). In addition, the Rules were reviewed under section 303 of the Riegle Community Development and Regulatory Improvement Act, and some of the proposed changes are intended to streamline the Rules in accordance with that Act.

The proposed amendments establish multi-track processing of FOIA requests and provide for expedited processing of FOIA requests in certain circumstances. In addition, the proposed changes extend the time for processing FOIA requests from 10 days to 20 days and reflect the new requirements that certain information be made available over the Internet, beginning on November 1, 1997.

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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 two months.

The Board also has pending proposed changes to subpart C of the Rules, which were published for comment in 1996 (61 FR 7436, February 28, 1996;

Docket Number R-0917). These proposed changes primarily concern the discretionary authority of the Board's General Counsel to disclose information in certain circumstances. The comments received on this earlier proposal are still under consideration.

Timetable:

Action	Date	FR Cite
Board requested comment	06/10/97	62 FR 31526

Action	Date	FR Cite
Further Board action by	10/00/97	

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-AC43

FEDERAL RESERVE SYSTEM (FRS)

Completed Actions

4367. REGULATION: C—HOME MORTGAGE DISCLOSURE (DOCKET NUMBER: R-0951)

Priority: Substantive, Nonsignificant

Legal Authority: 12 USC 2801 to 2810

CFR Citation: 12 CFR 203

Legal Deadline: None

Abstract: In December 1996, the Board approved issuing for public comment a proposal to amend Regulation C to implement statutory changes to the Home Mortgage Disclosure Act (61 FR 68168, December 27, 1996). The proposal ties the asset-size exemption threshold for depository institutions to changes in the consumer price index, modifies the disclosure requirements, and makes certain other technical changes. In January 1997, the Board issued an interim rule increasing the asset-size exemption threshold for depository institutions based on the increases in the consumer price index since 1975 (62 FR 3603, January 24, 1997). Institutions with asset sizes below the threshold, which has been raised from \$10 million to 28 million, are now exempt from 1997 data collection. The rule also provides for future increases in that exemption threshold if the consumer price index increases. Both the proposal and the interim rule are the result of recent statutory changes.

In May 1997, following review of the public comments, the Board adopted the interim rule substantially as proposed (62 FR 28620, May 27, 1997). The final rule is expected to reduce burden on small depository institutions.

Timetable:

Action	Date	FR Cite
Board requested comment	12/27/96	61 FR 68168
Board adopted proposal	05/27/97	62 FR 28620

Small Entities Affected: None

Government Levels Affected: None

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

RIN: 7100-AC24

4368. REGULATION: D—RESERVE REQUIREMENTS OF DEPOSITORY INSTITUTIONS; AND REGULATION: I—ISSUE AND CANCELLATION OF CAPITAL STOCK OF FEDERAL RESERVE BANKS (DOCKET NUMBER: R-0963)

Priority: Substantive, Nonsignificant

Legal Authority: 12 USC 222; 12 USC 248(i); 12 USC 321; 12 USC 461(c)

CFR Citation: 12 CFR 204; 12 CFR 209

Legal Deadline: None

Abstract:

In March 1997, the Board proposed amendments to define where a depository institution is located for purposes of Federal Reserve membership (Regulation I) and reserve account maintenance (Regulation D) (62 FR 11117, March 11, 1997). The proposed amendments are intended to facilitate centralization of Federal Reserve accounts by banks with interstate branches and banks that are part of a multistate holding company family. In June 1997, following review of the public comments, the Board

adopted the amendments substantially as proposed (62 FR 34613, June 27, 1997). The amendments will not have a significant economic impact on a substantial number of small entities.

Timetable:

Action	Date	FR Cite
Board requested comment	03/11/97	62 FR 11117
Board adopted proposal	06/27/97	62 FR 34613

Small Entities Affected: None

Government Levels Affected: None

Agency Contact: Stephanie Martin, Senior Attorney, Federal Reserve System, Legal Division
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RIN: 7100-AC25

4369. REGULATION: E—ELECTRONIC FUND TRANSFERS (DOCKET NUMBER: R-0959)

Priority: Substantive, Nonsignificant

Legal Authority: 15 USC 1693

CFR Citation: 12 CFR 205

Legal Deadline: None

Abstract: In January 1997, the Board issued for public comment proposed amendments to Regulation E, which implement the Electronic Fund Transfer Act (EFTA) (62 FR 3242, January 22, 1997). The proposed revisions implement an amendment to the EFTA, contained in the Personal Responsibility and Work Opportunity Reconciliation Act of 1996, that exempts certain electronic benefit transfer (EBT) programs from the EFTA. Generally, EBT programs involve the issuance of access cards and personal identification numbers to recipients of government benefits so that they can

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obtain their benefits through automated teller machines and point-of-sale terminals. The Board's proposal exempts from Regulation E needs-tested EBT programs established or administered by State or local government agencies. Federally administered EBT programs and State and local employment-related EBT programs (such as State pension programs) would continue to be subject to modified requirements that recognize the special characteristics of EBT programs. Regulation E applies to all types of institutions that offer EFT services, not just State member banks. The proposed amendments are not expected to have a significant economic impact on State member banks or other institutions.

Following review of the public comments, the Board adopted the proposed amendments in substantially the form proposed (62 FR 43467, August 14, 1997).

Timetable:

Action	Date	FR Cite
Board requested comment	01/22/97	62 FR 3242
Board adopted proposal	08/14/97	62 FR 43467

Small Entities Affected: None

Government Levels Affected: State, Local, Federal

Agency Contact: Jane Jensen Gell, Staff Attorney, Federal Reserve System, Division of Consumer and Community Affairs
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RIN: 7100-AC26

4370. 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 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

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.

In March 1997, following review of the public comments, the Board adopted the amendments substantially as proposed (62 FR 9909, March 5, 1997). 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
Board adopted proposal	03/05/97	62 FR 9909

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
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RIN: 7100-AC07

4371. REGULATION: H—MEMBERSHIP OF STATE BANKING INSTITUTIONS IN THE FEDERAL RESERVE SYSTEM; AND REGULATION: K—INTERNATIONAL BANKING OPERATIONS (DOCKET NUMBER: R-0921)

Priority: Substantive, Nonsignificant

Legal Authority: 15 USC 78o-5

CFR Citation: 12 CFR 208; 12 CFR 211

Legal Deadline: None

Abstract: In April 1996, the Board, the Office of the Comptroller of the Currency, and the Federal Deposit Insurance Corporation jointly published for comment a proposed rule regarding the responsibilities of banks that are Government securities brokers or dealers with respect to sales practices concerning Government securities (61 FR 18470, April 25, 1996). The proposed rule would establish standards concerning the

recommendations to customers and the conduct of business by a bank that is a Government securities broker or dealer. The agencies also proposed adopting an interpretation concerning recommendations to institutional customers with respect to Government securities transactions. The agencies requested comment generally on the need for and desirability of the proposed rule and interpretation.

In March 1997, following review of the public comments, the agencies adopted the proposals in substantially the form proposed (62 FR 13276, March 17, 1997). The final rule is not expected to have a significant economic impact on a substantial number of small banks.

Timetable:

Action	Date	FR Cite
Board requested comment	04/25/96	61 FR 18470
Board adopted proposal	03/17/97	62 FR 13276

Small Entities Affected: None

Government Levels Affected: None

Agency Contact: Oliver Ireland, Associate General Counsel, Federal Reserve System, Legal Division
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RIN: 7100-AC15

4372. REGULATION: M—CONSUMER LEASING (DOCKET NUMBER: R-0952)

Priority: Substantive, Nonsignificant

Legal Authority: 15 USC 1667 et seq

CFR Citation: 12 CFR 213

Legal Deadline: None

Abstract: In December 1996, the Board approved issuing for public comment a proposal to implement amendments made to the Consumer Leasing Act (CLA) by the Economic Growth and Regulatory Paperwork Reduction Act of 1996 (62 FR 62, January 2, 1997). The CLA required lessors to provide consumers with uniform cost and other disclosures about consumer lease transactions. The proposed revisions streamline the advertising disclosures for lease transactions. In addition, the proposal contains several technical amendments that would be made to the regulation.

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. In March 1997, following

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review of the public comments, the Board adopted the revisions substantially as proposed (62 FR 15364, April 1, 1997).

Timetable:

Action	Date	FR Cite
Board requested comment	01/02/97	62 FR 62
Board adopted proposal	04/01/97	62 FR 15364

Small Entities Affected: None

Government Levels Affected: None

Agency Contact: Kyung Cho-Miller, Attorney, Federal Reserve System, Division of Consumer and Community Affairs

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RIN: 7100-AC30

4373. REGULATION: O—LOANS TO EXECUTIVE OFFICERS, DIRECTORS, AND PRINCIPAL SHAREHOLDERS OF MEMBER BANKS (DOCKET NUMBERS: R-0924, R-0939, AND R-0940)

Priority: Substantive, Nonsignificant

Legal Authority: 12 USC 375b; PL 102-242

CFR Citation: 12 CFR 215

Legal Deadline: None

Abstract:

The Economic Growth and Regulatory Paperwork Reduction Act of 1996 (the "Regulatory Relief Act") generally expanded the authority of the Board to allow banks to exempt directors and executive officers of affiliates from the general insider lending restrictions in section 22(h) of the Federal Reserve Act and Regulation O. The Regulatory Relief Act also narrowed the authority of the Board by prohibiting exemptions for insiders of certain larger affiliates. These statutory changes required the Board to supplement the proposed rule (Docket Number R-0924) published in May 1996 with a revised proposal published in November 1996 (Docket Number R-0940, 61 FR 57797, November 8, 1996).

Under the revised proposal, a bank may exempt the directors and executive officers of affiliates (other than the bank's top-tier holding company and any intermediate holding company for the bank) from all insider lending restrictions. As required by the Regulatory Relief Act, directors and executive officers of affiliates that

constitute more than 10 percent of the consolidated assets of the top-tier holding company may not be exempted.

The Regulatory Relief Act also permitted directors and executive officers to participate in employee benefit programs that extend credit at below-market terms, if the plans are widely available and do not give preference to directors and executive officers. A final rule implementing this change was adopted and became effective November 8, 1996 (Docket Number R-0939, 61 FR 57769, November 8, 1996). The final rule also implemented the provision in the proposed rule of May 1996 to simplify the actions the board of directors of a bank must take in order to exempt eligible insiders of affiliates.

Under the Regulatory Relief Act, executive officers of the larger affiliates of a bank, who previously could be exempted from the insider lending restrictions, no longer may be. The proposed rule does not increase the possible adverse economic impact of this prohibition on any class of financial institutions. In April 1997, following review of the public comments, the Board adopted the proposal substantially as proposed (62 FR 13294, March 20, 1997).

Timetable:

Action	Date	FR Cite
Board requested comment	05/03/96	61 FR 19863
Board requested comment on supplemental proposal	11/08/96	61 FR 57797
Board adopted proposal	03/20/97	62 FR 13294

Small Entities Affected: None

Government Levels Affected: None

Agency Contact: Gordon Miller, Attorney, Federal Reserve System, Legal Division
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RIN: 7100-AC16

4374. REGULATION: Z—TRUTH IN LENDING (DOCKET NUMBER: R-0954)

Priority: Substantive, Nonsignificant

Legal Authority: 15 USC 1601

CFR Citation: 12 CFR 226

Legal Deadline: NPRM, Statutory, March 31, 1997.

Abstract:

The Economic Growth and Regulatory Paperwork Reduction Act of 1996 requires the Board and the Department of Housing and Urban Development (HUD) to simplify and improve the disclosures given in a mortgage transaction subject to the Truth in Lending Act and the Real Estate Settlement Procedures Act. In December 1996, the Board issued jointly with HUD an Advanced Notice of Proposed Rulemaking soliciting comment on how to simplify these disclosures (61 FR 69055, December 31, 1996). The notice requested comment on both regulatory and statutory changes to improve the current disclosure scheme. Nearly all of the recommendations for reconciling the two regulations require legislative action (e.g., changes to the timing of disclosures under the two statutes). The remainder of the recommendations generally involved small changes that could produce only minor improvements that likely would not be worth the corresponding compliance costs for creditors associated with reprinting forms or retraining personnel.

In April 1997, the Board published a second notice summarizing the comments and stating that no regulatory amendments would be proposed (62 FR 15624, April 2, 1997). The notice also reopened the comment period to allow interested parties more time to comment on potential legislative action. This comment period closed on June 30, 1997, and the Board anticipates making legislative recommendations to the Congress by year-end.

Timetable:

Action	Date	FR Cite
Board requested comment	12/31/96	61 FR 69055
Board requested additional comment on potential legislation	04/02/97	62 FR 15624
No regulatory amendments to be proposed at this time	04/02/97	62 FR 15624

Small Entities Affected: None

Government Levels Affected: None

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RIN: 7100-AC32

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