



# Federal Register

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**Thursday,  
November 30, 2000**

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**Part LVII**

## **Federal Reserve System**

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**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 October 1, 2000, through April 1, 2001. The next agenda will be published in April 2001.

**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 Jennifer J. Johnson, 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 2000 agenda as part of the October 2000 Unified Agenda of Federal Regulatory and Deregulatory Actions, which is coordinated by the Office of Management and Budget under Executive Order 12866. The agenda also identifies rules the Board has selected for review under section 610(c) of the Regulatory Flexibility Act, and public comment is invited on those entries.

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.*

**Federal Reserve System—Proposed Rule Stage**

Sequence Number	Title	Regulation Identification Number
4661	Regulation: C — Home Mortgage Disclosure (Docket Number: R-1001) .....	7100-AC51
4662	Regulation: H — Membership of State Banking Institutions in the Federal Reserve System .....	7100-AC73
4663	Regulation: H — Membership of State Banking Institutions in the Federal Reserve System; and Regulation: Y — Bank Holding Companies and Change in Bank Control .....	7100-AC75
4664	Regulation: H — Membership of State Banking Institutions in the Federal Reserve System; and Regulation: Y — Bank Holding Companies and Change in Bank Control .....	7100-AC76
4665	Regulation: H — Membership of State Banking Institutions in the Federal Reserve System; and Regulation: Y — Bank Holding Companies and Change in Bank Control .....	7100-AC77
4666	Regulation: H — Membership of State Banking Institutions in the Federal Reserve System; and Regulation Y — Bank Holding Companies and Change in Bank Control .....	7100-AC78
4667	Regulation: T — Credit by Brokers and Dealers; Regulation: U — Credit by Banks; and Regulation: X — Borrowers of Securities Credit (Docket Number: R-0995) .....	7100-AC45
4668	Regulation: Y — Bank Holding Companies and Change in Bank Control .....	7100-AC66
4669	Applicability of Sections 23A and 23B of the Federal Reserve Act to Transactions Between Insured Depository Institutions and Their Affiliates .....	7100-AC63
4670	Fair Credit Reporting .....	7100-AC68
4671	Section 303 Regulatory Review ( <b>Section 610 Review</b> ) .....	7100-AC09

**Federal Reserve System—Final Rule Stage**

Sequence Number	Title	Regulation Identification Number
4672	Regulation: B — Equal Credit Opportunity (Docket Number: R-1008) ( <b>Section 610 Review</b> ) .....	7100-AC54
4673	Regulation: B — Equal Credit Opportunity; and Regulation: Z — Truth in Lending (Docket Numbers: R-1040 and R-1043) .....	7100-AC46
4674	Regulation: D — Reserve Requirements of Depository Institutions (Docket Number: R-0956) .....	7100-AC11
4675	Regulation: E — Electronic Fund Transfers (Docket Numbers: R-0919 and R-1041) .....	7100-AC06
4676	Regulation: E — Electronic Funds Transfer (Docket Number: R-1077) .....	7100-AC67
4677	Regulation: G — Disclosure and Reporting of CRA-Related Agreements (Docket Number: R-1069) .....	7100-AC64
4678	Regulation: H — Membership of State Banking Institutions in the Federal Reserve System (Docket Number: R-1064) .....	7100-AC69

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Federal Reserve System—Final Rule Stage (Continued)

Sequence Number	Title	Regulation Identification Number
4679	Regulation: H — Membership of State Banking Institutions in the Federal Reserve System (Docket Number: R-1079) .....	7100-AC62
4680	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-0930) .....	7100-AC13
4681	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-1055) .....	7100-AB77
4682	Regulation: K — International Banking Operations (Docket Number: R-0994) .....	7100-AC47
4683	Regulation: M — Consumer Leasing (Docket Number: R-1042) .....	7100-AC53
4684	Regulation: Y — Bank Holding Companies and Change in Bank Control (Docket Number: R-1057) .....	7100-AC70
4685	Regulation: Y — Bank Holding Companies and Change in Bank Control (Docket Number: R-1060) .....	7100-AC71
4686	Regulation: Y — Bank Holding Companies and Change in Bank Control (Docket Numbers: R-1065 and R-1067) ..	7100-AC65
4687	Regulation: Z — Truth in Lending (Docket Number: R-1070) .....	7100-AC74
4688	Regulation: DD — Truth in Savings (Docket Number: R-1044) .....	7100-AC34
4689	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
4690	Applicability of Section 23A to the Purchase of Securities from Certain Affiliates and to Loans and Extensions of Credit Made by a Member Bank to a Third Party (Docket Nos: R-1015 & R-1016) .....	7100-AC52
4691	Interagency Guidelines Establishing Standards for Safeguarding Customer Information and Rescission of Year 2000 Standards for Safety and Soundness (Docket Number: R-1073) .....	7100-AC72

Federal Reserve System—Completed Actions

Sequence Number	Title	Regulation Identification Number
4692	Regulation: P — Privacy of Consumer Financial Information (Docket Number: R-1058) .....	7100-AC61
4693	Rules Regarding Availability of Information (Docket Number: R-0917) .....	7100-AC22

Federal Reserve System (FRS)

Proposed Rule Stage

**4661. REGULATION: C — HOME MORTGAGE DISCLOSURE (DOCKET NUMBER: R-1001)**

**Priority:** Substantive, Nonsignificant

**Legal Authority:** 12 USC 2801

**CFR Citation:** 12 CFR 203

**Legal Deadline:** None

**Abstract:** In March 1998, pursuant to requirements of section 303 of the Riegle Community Development and Regulatory Improvement Act of 1994 and section 2222 of the Economic Growth and Regulatory Paperwork Reduction Act of 1996, the Board approved issuing for public comment an advance notice of proposed rulemaking for Regulation C, which implements the Home Mortgage Disclosure Act (HMDA) (63 FR 12329, March 12, 1998). Regulation C requires most mortgage lenders located in metropolitan statistical areas to report

annually to Federal agencies and disclose to the public information about their home purchase and home improvement lending activity. The review will determine whether Regulation C should be revised to address technological and other developments; better balance consumer protections and industry burden; and delete obsolete provisions. To gather information necessary for this review and to ensure the participation of interested parties, the Board solicited comment on several specific issues, while also soliciting comment generally on potential revisions to the regulation.

It is not anticipated that any proposed notice of rulemaking would 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 by year-end.

**Timetable:**

Action	Date	FR Cite
Board requested comment	03/12/98	63 FR 12329
Further Board action by	12/00/00	

**Regulatory Flexibility Analysis Required:** Undetermined

**Government Levels Affected:** None

**Agency Contact:** James Mann, Attorney, Federal Reserve System, Division of Consumer and Community Affairs  
Phone: 202 452-3667

**RIN:** 7100-AC51

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Proposed Rule Stage

**4662. • REGULATION: H — MEMBERSHIP OF STATE BANKING INSTITUTIONS IN THE FEDERAL RESERVE SYSTEM**

**Priority:** Substantive, Nonsignificant. Major status under 5 USC 801 is undetermined.

**Legal Authority:** 12 USC 1828(t)

**CFR Citation:** 12 CFR 208

**Legal Deadline:** None

**Abstract:** Section 204 of the Gramm-Leach-Bliley Act added a new subsection (t) to section 18 of the Federal Deposit Insurance Act requiring the Board, in consultation with the Securities and Exchange Commission, to establish recordkeeping requirements for state member banks and branches and agencies of foreign banks that rely on the exceptions from the definition of broker or dealer provided in section 3(a)(4) or (5) of the Securities Exchange Act of 1934.

The Board anticipates within the next six months issuing for public comment a rule that would implement these recordkeeping requirements. It is not anticipated that the proposal would have a significant economic impact on a substantial number of small entities subject to the Board's regulation.

**Timetable:**

Action	Date	FR Cite
Board will consider requesting comments by	12/00/00	

**Regulatory Flexibility Analysis Required:** Undetermined

**Government Levels Affected:** None

**Agency Contact:** Kieran Fallon, Senior Counsel, Federal Reserve System, Legal Division  
Phone: 202 452-5270

**RIN:** 7100-AC73

**4663. • 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 24; 12 USC 36; 12 USC 92a; 12 USC 93a; 12 USC 248(a); 12 USC 248(c); 12 USC 321 to 338a; 12 USC 371d; 12 USC 461; 12 USC 1817(j)(13); 12 USC 1818; 12 USC

1818(o); 12 USC 1831i; 12 USC 1831p-1; 12 USC 1843(c)(8); ...

**CFR Citation:** 12 CFR 208; 12 CFR 225

**Legal Deadline:** None

**Abstract:** The Board will consider issuing for public comment proposed amendments to Regulations H and Y that would effectively reduce the capital requirement for certain securities borrowing transactions. The proposed amendments would recognize the historically low risk of these transactions and bring the capital requirements for U.S. banking organizations into better alignment with the capital requirements of other U.S. and non-U.S. regulators of financial institutions. The proposed amendment would have little or no effect on small banking organizations subject to the Board's regulation, as securities borrowing activities are concentrated in a relatively small number of very large banking organizations.

**Timetable:**

Action	Date	FR Cite
Board will consider proposal by	10/00/00	

**Regulatory Flexibility Analysis Required:** No

**Government Levels Affected:** None

**Agency Contact:** David Adkins, Supervisory Financial Analyst, Federal Reserve System, Division of Banking Supervision and Regulation  
Phone: 202 452-5259

**RIN:** 7100-AC75

**4664. • 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 24; 12 USC 36; 12 USC 92a; 12 USC 93a; 12 USC 248(a); 12 USC 248(c); 12 USC 321 to 338a; 12 USC 371d; 12 USC 461; 12 USC 1817(j)(13); 12 USC 1818; 12 USC 1818(o); 12 USC 1831i; 12 USC 1831p-1; 12 USC 1843(c)(8); ...

**CFR Citation:** 12 CFR 208; 12 CFR 225

**Legal Deadline:** None

**Abstract:** The Board will consider issuing for public comment proposed amendments to the Board's regulatory

capital guidelines for banks and bank holding companies that would apply a 20 percent risk weight to claims on, and claims guaranteed by, qualifying securities firms. The proposed rule will be consistent with an amendment to the Basel Accord adopted by the Basel Committee on Banking Supervision in April 1998. It would reduce the risk weight from 100 percent to 20 percent applied to claims on, and claims guaranteed by, certain securities firms incorporated in countries that are members of the Organization for Economic Cooperation and Development, subject to certain prudential requirements. It is not anticipated that the proposal will have a significant economic impact on a substantial number of small institutions.

**Timetable:**

Action	Date	FR Cite
Board will consider proposals by	10/00/00	

**Regulatory Flexibility Analysis Required:** No

**Government Levels Affected:** None

**Agency Contact:** John Connolly, Supervisory Financial Analyst, Federal Reserve System, Division of Banking Supervision and Regulation  
Phone: 202 452-3621

**RIN:** 7100-AC76

**4665. • 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 24; 12 USC 36; 12 USC 92a; 12 USC 93a; 12 USC 248(a); 12 USC 248(c); 15 USC 78b; 15 USC 781(b); 15 USC 781(g); 15 USC 781(i); 31 USC 5318; 42 USC 4012a; 42 USC 4104a; ...

**CFR Citation:** 12 CFR 208; 12 CFR 225

**Legal Deadline:** None

**Abstract:** The Board will consider issuing for public comment proposed amendments to Regulations H and Y to amend the Tier 1 leverage and risk-based capital guidelines for residual interests for all state member banks and bank holding companies. The proposal would better align the capital

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## Proposed Rule Stage

requirements with the risks associated with such assets. It is not expected that the amendments would have a significant economic impact on a substantial number of small institutions.

**Timetable:**

Action	Date	FR Cite
Board will consider requesting comment by	10/00/00	

**Regulatory Flexibility Analysis**

**Required:** No

**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-AC77

**4666. • 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 24; 12 USC 24a; 12 USC 36; 12 USC 92a; 12 USC 93a; 12 USC 248(a); 12 USC 248(c); 12 USC 321-338a; 12 USC 371d; 12 USC 481-486; 12 USC 601; 12 USC 611; 12 USC 1814; 12 USC 1816; ...

**CFR Citation:** 12 CFR 208; 12 CFR 225

**Legal Deadline:** None

**Abstract:** The Board will consider issuing for public comment proposed amendments to Regulations H and Y that will take into account the implications of the Gramm-Leach-Bliley Act ("GLB Act") for the ability of state member banks to control operations subsidiaries. The proposed amendments will also include a series of technical changes to Regulation Y necessitated by the GLB Act, as well as a general reorganization of Regulation Y. The proposal should not have a substantive economic impact on small entities, as its substantive portions are expected to liberalize the Board's present rules.

**Timetable:**

Action	Date	FR Cite
Board will request comment by	10/00/00	

**Regulatory Flexibility Analysis**

**Required:** No

**Government Levels Affected:** None

**Agency Contact:** Andrew S. Baer, Attorney, Federal Reserve System, Legal Division  
Phone: 202 452-2246

**RIN:** 7100-AC78

**4667. REGULATION: T — CREDIT BY BROKERS AND DEALERS; REGULATION: U — CREDIT BY BANKS; AND REGULATION: X — BORROWERS OF SECURITIES CREDIT (DOCKET NUMBER: R-0995)**

**Priority:** Substantive, Nonsignificant

**Legal Authority:** 15 USC 78G, Securities Exchange Act of 1934, as amended

**CFR Citation:** 12 CFR 220; 12 CFR 221; 12 CFR 224

**Legal Deadline:** None

**Abstract:** As part of the regular review of its regulations and in accordance with requirements of section 303 of the Riegle Community Development and Regulatory Improvement Act of 1994, and section 610(c) of the Regulatory Flexibility Act of 1994, the Board is conducting a review of its margin regulations. In order to complete this review, the Board approved issuing for public comment an advance notice of proposed rulemaking in December 1997 (63 FR 2840, January 16, 1998). The advance notice highlights issues raised by commenters in response to previous requests for comment that had not been addressed by the Board in the course of its periodic review. It also provides an opportunity to further harmonize the treatment of bank and nonbank lenders under the revised Regulation U adopted by the Board at the same time as the advance notice. The advance notice also invites comment on all areas of the regulations.

Following review of the public comments, the Board is expected to take further action by the first quarter of 2001.

**Timetable:**

Action	Date	FR Cite
Board requested comment	01/16/98	63 FR 2840
Further Board action by	03/00/01	

**Regulatory Flexibility Analysis**

**Required:** Undetermined

**Government Levels Affected:** None

**Agency Contact:** Scott J. Holz, Counsel, Federal Reserve System, Legal Division  
Phone: 202 452-2966

**RIN:** 7100-AC45

**4668. REGULATION: Y — BANK HOLDING COMPANIES AND CHANGE IN BANK CONTROL**

**Priority:** Substantive, Nonsignificant

**Legal Authority:** 12 USC 1844(b)

**CFR Citation:** 12 CFR 225

**Legal Deadline:** None

**Abstract:** Title I of the Gramm-Leach-Bliley Act ("GLB Act") makes a number of miscellaneous amendments to sections 3, 4, and 5 of the Bank Holding Company Act of 1956 ("BHC Act") and adds a new section 10A to the BHC Act. These amendments, among other things, prohibit the Board from determining that new activities are closely related to banking under section 4(c)(8) of the BHC Act; streamline the Board's reporting, examination, and other supervisory authority over bank holding companies and their subsidiaries; reduce the restrictions applicable to companies that control "nonbank banks" that are exempt from the nonbanking restrictions of the BHC Act under section 4(f) of that Act; and repeal the savings bank life insurance provisions currently set forth in section 3(g) of the BHC Act.

Within the next six months, the Board will consider issuing for public comment amendments to Regulation Y to implement the provisions of the GLB Act affecting the BHC Act that are not addressed in proposed rules described elsewhere in the Board's agenda. 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 will consider requesting comments by	12/00/00	

**Regulatory Flexibility Analysis**

**Required:** No

**Government Levels Affected:** None

**Agency Contact:** Kieran Fallon, Senior Counsel, Federal Reserve System, Legal Division

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## Proposed Rule Stage

Phone: 202 452-5270

RIN: 7100-AC66

**4669. APPLICABILITY OF SECTIONS 23A AND 23B OF THE FEDERAL RESERVE ACT TO TRANSACTIONS BETWEEN INSURED DEPOSITORY INSTITUTIONS AND THEIR AFFILIATES**

**Priority:** Substantive, Nonsignificant. Major status under 5 USC 801 is undetermined.

**Legal Authority:** 12 USC 371c; 12 USC 371c-1

**CFR Citation:** 12 CFR 223

**Legal Deadline:** None

**Abstract:** In response to passage of the Gramm-Leach-Bliley Act, the Board will consider issuing for public comment a new regulation to implement sections 23A and 23B of the Federal Reserve Act by year-end. Sections 23A and 23B regulate transactions between insured depository institutions and their affiliates. The regulation will codify existing interpretations and may implement several pending proposals. (See RIN: 7100-AC42 and RIN: 7100-AC52). The proposed regulation will also request comment on the treatment of derivatives and intra-day credit exposures between insured depository institutions and their affiliates. It is not expected that any new proposal will have a significant economic impact on a substantial number of small entities that are subject to the Board's regulation.

**Timetable:**

Action	Date	FR Cite
Board will consider proposals by	12/00/00	

**Regulatory Flexibility Analysis Required:** No

**Government Levels Affected:** None

**Agency Contact:** Pamela G. Nardolilli, Senior Counsel, Federal Reserve System, Legal Division  
Phone: 202 452-3289

RIN: 7100-AC63

**4670. FAIR CREDIT REPORTING**

**Priority:** Substantive, Nonsignificant

**Legal Authority:** 15 USC 1681 et seq

**CFR Citation:** Not Yet Determined

**Legal Deadline:** None

**Abstract:** In 1996, the Congress amended the Fair Credit Reporting Act (FCRA) as part of the Consumer Credit Reporting Reform Act. The amendments prohibited the federal regulatory agencies from issuing implementing regulations. In November 1999, the Congress once again amended the FCRA as part of the Gramm-Leach-Bliley Act. The amendments lifted the prohibition and directed the Board, the Office of the Comptroller of the Currency, the Federal Deposit Insurance Corporation, and the Office of Thrift Supervision to issue implementing regulations jointly.

It is expected that the agencies will issue proposed regulations for public comment. It is undetermined at this time whether the proposals will have a significant economic impact on a substantial number of small entities.

**Timetable:**

Action	Date	FR Cite
Board will consider requesting comment by	10/00/00	

**Regulatory Flexibility Analysis Required:** Undetermined

**Government Levels Affected:** None

**Agency Contact:** James Mann, Attorney, Federal Reserve System, Division of Consumer and Community Affairs  
Phone: 202 452-3667

RIN: 7100-AC68

**4671. SECTION 303 REGULATORY REVIEW (SECTION 610 REVIEW)**

**Priority:** Substantive, Nonsignificant

**Legal Authority:** 12 USC 4803(a)(1); 5 USC 610

**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, as modified by section 402 of the Credit Union Membership Access Act of 1998, 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). Progress reports were sent to the Congress in September 1996 and August 1999. It is expected that the Board will seek public comment during the course of the reviews of the regulations listed below. Review of Regulations Z and DD is expected during the next twelve months, and review of Regulations H and Y, Appendices, is expected in 2002. Reviews already proposed for public comment appear elsewhere in the Agenda.

Items below indicated with an asterisk will also be reviewed by the Board in accordance with the periodic review requirements of section 610 of the Regulatory Flexibility Act:

Regulations H and Y, Appendices, Capital Adequacy Guidelines

\*Regulation Z, Truth in Lending

\*Regulation DD, Truth in Savings

**Timetable:**

Action	Date	FR Cite
Board action expected during the next twelve months on Regulations Z and DD	09/00/01	

**Regulatory Flexibility Analysis Required:** Undetermined

**Government Levels Affected:** None

**Agency Contact:** Barbara R. Lowrey, Associate Secretary, Federal Reserve System, Office of the Secretary  
Phone: 202 452-3742

RIN: 7100-AC09

## Federal Reserve System (FRS)

## Final Rule Stage

**4672. REGULATION: B — EQUAL CREDIT OPPORTUNITY (DOCKET NUMBER: R-1008) (SECTION 610 REVIEW)****Priority:** Substantive, Nonsignificant**Legal Authority:** 15 USC 1691**CFR Citation:** 12 CFR 202**Legal Deadline:** None

**Abstract:** In March 1998, pursuant to requirements of section 303 of the Riegle Community Development and Regulatory Improvement Act of 1994, section 610(c) of the Regulatory Flexibility Act of 1994, and section 2222 of the Economic Growth and Regulatory Paperwork Reduction Act of 1996, the Board approved issuing for public comment an advance notice of proposed rulemaking for Regulation B (63 FR 12326, March 12, 1998) which implements the Equal Credit Opportunity Act (ECOA). The ECOA makes it unlawful for creditors to discriminate against an applicant in any aspect of a credit transaction on the basis of race, color, religion, national origin, gender, marital status, age, and other specified bases.

In June 1999, following review of the public comments on the advance notice, the Board approved for public comment a proposed rule amending Regulation B (64 FR 44582, August 16, 1999). Major revisions in the proposal include removing the general prohibition against obtaining information about applicant characteristics such as national origin or gender, although such information still generally may not be considered in extending credit; adding a disclosure requirement for creditors that voluntarily collect data on applicant characteristics; requiring creditors to retain certain records for preapproved credit solicitations; and extending the record retention period for most business credit applications.

Based on the regulatory flexibility analysis, it is not expected that the proposal will have a significant impact on small entities. Although there would be a new disclosure requirement for creditors that voluntarily request information about applicant characteristics, a model form is proposed to ease compliance. Also, there is a new requirement to retain certain records for preapproved credit solicitations. For business reasons, many institutions already retain some of the preapproved credit solicitation

information being sought. In addition, compliance burdens should be minimized by the fact that creditors may use a variety of methods, such as electronic storage, to retain records. The Board is expected to take further action by mid-year 2001.

**Timetable:**

Action	Date	FR Cite
Board requested comment on advance notice	03/12/98	63 FR 12326
Board requested comment on proposed rule	08/16/99	64 FR 44582
Further Board action by	06/00/01	

**Regulatory Flexibility Analysis****Required:** Yes**Small Entities Affected:** Businesses**Government Levels Affected:** None**Agency Contact:** Natalie E. Taylor, Counsel, Federal Reserve System, Division of Consumer and Community Affairs

Phone: 202 452-2412

**RIN:** 7100-AC54**4673. REGULATION: B — EQUAL CREDIT OPPORTUNITY; AND REGULATION: Z — TRUTH IN LENDING (DOCKET NUMBERS: R-1040 AND R-1043)****Priority:** Substantive, Nonsignificant**Legal Authority:** 15 USC 1601 et seq; 12 USC 4301 et seq**CFR Citation:** 12 CFR 202; 12 CFR 213; 12 CFR 226; 12 CFR 230**Legal Deadline:** None

**Abstract:** In March 1998, the Board issued for public comment proposals to amend its consumer regulations, B (Equal Credit Opportunity) and Z (Truth in Lending), to permit electronic communications to substitute generally for oral or written disclosures documentation and notices required under the individual regulations (63 FR 14548, March 25, 1998). Comment was also requested on similar amendments to Regulations M (Consumer Leasing) and DD (Truth in Savings) described in separate entries in the Agenda (see Docket Numbers: R-1042 and R-1044). At the same time, similar amendments to Regulation E, proposed 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, were adopted as an interim rule (see Docket Number: R-1002; RIN: 7100-AC06). The Board identified the use of electronic communication between consumers and financial institutions as an area that offered an opportunity to reduce regulatory compliance burden without adversely affecting consumer protections.

In August 1999, based on comments received in response to the March proposals, the Board approved publishing for comment additional proposals on electronic communications to provide more detailed guidance on using electronic communications to deliver disclosures to consumers and others (64 FR 46988, September 14, 1999).

On June 30, 2000, the President signed into law The Electronic Signatures in Global and National Commerce Act (E-Signature Act), which will become effective October 1, 2000. The E-Signature Act generally provides that records and signatures may not be denied legal effect solely because they are in electronic form. Under the Act, disclosures that must be provided to consumers in writing may be provided electronically if the consumer affirmatively consents after being provided specified information. Although no agency is required to issue regulations to implement the E-Signature Act, the Board may use its existing rulewriting authority under the financial services laws to interpret how the E-Signature Act affects the requirements imposed by those laws.

The E-Signature Act adopted into law some elements of the Board's regulatory proposal governing electronic disclosures. Some provisions in the Board's proposal, however, would be modified or preempted by the Act, while other provisions, which are designed to ensure effective delivery of electronic disclosures, are not addressed by the E-Signature Act but are consistent with that Act and could be issued as final rules. Within the next six months, the Board is expected to consider what further action is appropriate in light of the E-Signature Act.

**Timetable:**

Action	Date	FR Cite
Board requested comment	03/25/98	63 FR 14548

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## Final Rule Stage

Action	Date	FR Cite
Board approved publishing additional proposal on electronic communications	09/14/99	64 FR 46988
Further Board action by	01/00/01	

**Regulatory Flexibility Analysis Required:** No

**Government Levels Affected:** None

**Agency Contact:** Natalie E. Taylor, Counsel, Federal Reserve System, Division of Consumer and Community Affairs

Phone: 202 452-2412

**RIN:** 7100-AC46

**4674. REGULATION: D — RESERVE REQUIREMENTS OF DEPOSITORY INSTITUTIONS (DOCKET NUMBER: R-0956)**

**Priority:** Substantive, Nonsignificant

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

**CFR Citation:** 12 CFR 204

**Legal Deadline:** None

**Abstract:** In December 1996, 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 1996 proposal to simplify Regulation D. The proposal would also make conforming changes to the definition of "transaction account" (61 FR 96054, December 31, 1996). No substantive change in the regulation is intended. 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 within the next six months.

**Timetable:**

Action	Date	FR Cite
Board requested comment	12/31/96	61 FR 69054
Further Board action by	12/00/00	

**Regulatory Flexibility Analysis Required:** No

**Government Levels Affected:** None

**Agency Contact:** Heatherun Allison, Counsel, Federal Reserve System, Legal Division

Phone: 202 452-3565

**RIN:** 7100-AC11

**4675. REGULATION: E — ELECTRONIC FUND TRANSFERS (DOCKET NUMBERS: R-0919 AND R-1041)**

**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 (Docket Number: R-0919; 61 FR 19696, May 2, 1996).

The Board also proposed, and subsequently adopted in September 1998, an extension of the error resolution time limits for new accounts. The proposal also included permitting electronic communications to substitute generally for oral or written disclosures, documentation, and notices required under Regulation E.

The proposals were 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 and section 610(c) of the Regulatory Flexibility Act of 1994. It is not expected that the proposals would have a significant economic impact on small institutions.

In March 1998, following review of the public comments, the Board issued an interim rule, with request for comments, to permit electronic communications to substitute for disclosures, documentation, and notices under Regulation E (Docket Number: R-1002; 63 FR 14528, March 25, 1998).

In August 1999, based on public comments received, the Board approved publishing an additional proposal for comment on the electronic communications rule to provide more detailed guidance on the use of electronic communications to deliver disclosures to consumers (64 FR 49699, September 14, 1999). The interim rule

remains in effect until Board consideration of a final rule.

On June 30, 2000, the President signed into law The Electronic Signatures in Global and National Commerce Act (E-Signature Act), which will become effective October 1, 2000. The E-Signature Act generally provides that records and signatures may not be denied legal effect solely because they are in electronic form. Under the Act, disclosures that must be provided to consumers in writing may be provided electronically if the consumer affirmatively consents after being provided specified information. Although no agency is required to issue regulations to implement the E-Signature Act, the Board may use its existing rulewriting authority under the financial services laws to interpret how the E-Signature Act affects the requirements imposed by those laws.

The E-Signature Act adopted into law some elements of the Board's regulatory proposal governing electronic disclosures. Some provisions in the Board's proposal, however, would be modified or preempted by the Act, while other provisions, which are designed to ensure effective delivery of electronic disclosures, are not addressed by the E-Signature Act but are consistent with that Act and could be issued as final rules. Within the next six months, the Board is expected to consider what further action is appropriate in light of the E-Signature Act.

**Timetable:**

Action	Date	FR Cite
Board requested comment	05/02/96	61 FR 19696
Board adopted interim rule on electronic communications	03/25/98	63 FR 14528
Board adopted final rule on new accounts	09/29/98	63 FR 52115
Board approved publishing additional proposal on electronic communications	09/14/99	64 FR 49699
Further Board action by	01/00/01	

**Regulatory Flexibility Analysis Required:** No

**Government Levels Affected:** None

**Agency Contact:** John C. Wood, Counsel, Federal Reserve System,

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Division of Consumer and Community Affairs

Phone: 202 452-2412

RIN: 7100-AC06

**4676. REGULATION: E —  
ELECTRONIC FUNDS TRANSFER  
(DOCKET NUMBER: R-1077)**

**Priority:** Substantive, Nonsignificant

**Legal Authority:** 15 USC 1693 et seq

**CFR Citation:** 12 CFR 205

**Legal Deadline:** None

**Abstract:** In November 1999, the Congress amended the Electronic Funds Transfer Act as a part of the Gramm-Leach-Bliley Act ("GLB Act"). The purpose of the amendments is to require disclosure of automatic transfer machine (ATM) fees imposed by ATM operators on consumers who hold accounts at other financial institutions.

In July 2000, the Board issued for public comment proposed amendments to Regulation E to implement the statutory provisions of the GLB Act (65 FR 44481, July 18, 2000). Following review of the public comments, the Board is expected to take further action by year-end. The proposals are not expected to have a significant economic impact on small entities.

**Timetable:**

Action	Date	FR Cite
Board requested comment	07/18/00	65 FR 44481
Further Board action by	12/00/00	

**Regulatory Flexibility Analysis**

**Required:** Undetermined

**Government Levels Affected:** None

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

Phone: 202 452-2412

RIN: 7100-AC67

**4677. REGULATION: G —  
DISCLOSURE AND REPORTING OF  
CRA-RELATED AGREEMENTS  
(DOCKET NUMBER: R-1069)**

**Priority:** Substantive, Nonsignificant. Major status under 5 USC 801 is undetermined.

**Legal Authority:** 12 USC 1831y

**CFR Citation:** 12 CFR 228

**Legal Deadline:** None

**Abstract:** In May 2000, the Board, jointly with the other federal banking agencies, issued for public comment a proposed Regulation G which would implement the Community Reinvestment Act of 1977 ("CRA") sunshine requirements of Section 711 of the Gramm-Leach-Bliley Act (65 FR 31962, May 19, 2000). Section 711 requires insured depository institutions (and their affiliates) and nongovernmental entities or persons that enter into agreements that relate to the CRA and that meet other criteria to (i) make the agreements available to the public and the appropriate federal banking agency and (ii) file annual reports concerning the agreements with the appropriate federal banking agency. Following review of the public comments, the Board is expected to take further action by year-end. The Board will attempt to minimize the economic impact of the final rule on small entities subject to the Board's regulation.

**Timetable:**

Action	Date	FR Cite
Board requested comment	05/19/00	65 FR 31962
Further Board action by	12/00/00	

**Regulatory Flexibility Analysis**

**Required:** Yes

**Small Entities Affected:** Businesses

**Government Levels Affected:** None

**Agency Contact:** Kieran Fallon, Senior Counsel, Federal Reserve System, Legal Division

Phone: 202 452-5270

RIN: 7100-AC64

**4678. REGULATION: H —  
MEMBERSHIP OF STATE BANKING  
INSTITUTIONS IN THE FEDERAL  
RESERVE SYSTEM (DOCKET  
NUMBER: R-1064)**

**Priority:** Substantive, Nonsignificant

**Legal Authority:** 12 USC 335; 12 USC 1835a

**CFR Citation:** 12 CFR 208

**Legal Deadline:** None

**Abstract:** In March 2000, the Board approved an interim rule with request for public comment amending Regulation H to implement section 121 of the Gramm-Leach-Bliley Act for state member banks (65 FR 14810, March 20, 2000). Section 121 in part authorizes

state member banks to control, or hold an interest in, financial subsidiaries so as to conduct certain activities that are financial in nature or incidental to a financial activity. Following review of the public comments, the Board is expected to take action on a final rule by year-end.

The Board will also consider amending section 208.7 of Regulation H (deposit production offices) to conform its definitional provisions to section 106 of the Gramm-Leach-Bliley Act in conjunction with parallel activities by the other banking agencies. In addition, the Board will consider amending an existing Miscellaneous Interpretation (12 CFR 250.141) relating to member bank purchases of stock in operations subsidiaries, or issuing a proposed rule in place of the interpretation, to update its provisions and conform to section 121. Staff anticipates issuing proposed rules in these areas by year-end.

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 requested comment	03/20/00	65 FR 14810
Further Board action by	12/00/00	

**Regulatory Flexibility Analysis**

**Required:** No

**Government Levels Affected:** None

**Agency Contact:** Michael J. O'Rourke, Counsel, Federal Reserve System, Legal Division

Phone: 202 452-3288

RIN: 7100-AC69

**4679. REGULATION: H —  
MEMBERSHIP OF STATE BANKING  
INSTITUTIONS IN THE FEDERAL  
RESERVE SYSTEM (DOCKET  
NUMBER: R-1079)**

**Priority:** Substantive, Nonsignificant. Major status under 5 USC 801 is undetermined.

**Legal Authority:** 12 USC 1831x

**CFR Citation:** 12 CFR 208

**Legal Deadline:** Final, Statutory, November 12, 2000.

**Abstract:** In August 2000, the Board approved issuing for public comment proposals to implement section 305 of

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the Gramm-Leach-Bliley Act which requires the federal banking agencies to adopt customer protection regulations that apply to the retail sales practices, solicitations, advertising, or offers of any insurance product by any depository institution or any person engaged in such activities at an office of a depository institution or on behalf of the institution (65 FR 50881, August 21, 2000). The regulations must address: tying and coercive sales practices, disclosures and advertising, separation of routine deposit taking from insurance product activity, licensing and qualifications, nondiscrimination against victims of domestic violence, and consumer grievance procedures. Section 305 provides that the federal banking agencies may in certain circumstances determine that state laws are preempted by the agencies' regulations.

The Board and other banking agencies are unable to determine whether the proposals will have a significant economic impact on a substantial number of small entities and have specifically requested comment on the burdens associated with the proposed rule. Following review of the public comments, further action is expected by November 2000.

**Timetable:**

Action	Date	FR Cite
Board approved requesting comment	08/21/00	65 FR 50881
Further Board action by	11/00/00	

**Regulatory Flexibility Analysis****Required:** Undetermined**Government Levels Affected:** State

**Agency Contact:** Richard M. Ashton, Associate General Counsel, Federal Reserve System, Legal Division  
Phone: 202 452-3750

**RIN:** 7100-AC62

**4680. 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-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

**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 and development of an interagency final rule, 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	12/00/00	

**Regulatory Flexibility Analysis****Required:** No**Government Levels Affected:** None

**Agency Contact:** John Connolly, Supervisory Financial Analyst, Federal

Reserve System, Division of Banking Supervision and Regulation  
Phone: 202 452-3621

**RIN:** 7100-AC13

**4681. 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-1055)**

**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 November 1997, the Board, the Comptroller of the Currency, the Federal Deposit Insurance Corporation, and the Office of Thrift Supervision ("the agencies") issued for public comment proposals to use credit ratings from nationally recognized statistical rating organizations to determine the capital treatment for recourse obligations, direct credit substitutes, and senior asset-backed securities (62 FR 59944, November 5, 1997). In February 2000, based on the public comments, the Board and the other agencies approved issuing for further comment a proposal to clarify and revise the regulatory capital treatment of securitized transactions (65 FR 12320, March 8, 2000). The proposal would treat recourse obligations and direct credit substitutes more consistently than the agencies' current risk-based capital standards.

Small entities would be affected by the 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 on small institutions. 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	11/05/97	62 FR 59944
Board approved requesting additional comment	03/08/00	65 FR 12320
Further Board action by	12/00/00	

**Regulatory Flexibility Analysis****Required:** No**Government Levels Affected:** None

**Agency Contact:** Thomas R. Boemio, Senior Supervisory Financial Analyst, Federal Reserve System, Division of Banking Supervision and Regulation  
Phone: 202 452-2982

**RIN:** 7100-AB77

**4682. REGULATION: K — INTERNATIONAL BANKING OPERATIONS (DOCKET NUMBER: R-0994)**

**Priority:** Substantive, Nonsignificant. Major under 5 USC 801.

**Legal Authority:** 12 USC 221 et seq; 12 USC 248(i); 12 USC 248(k); 12 USC 1818; 12 USC 1835a; 12 USC 1841 et seq; 12 USC 3101 et seq; 12 USC 3109 et seq

**CFR Citation:** 12 CFR 211**Legal Deadline:** None

**Abstract:** In December 1997, consistent with section 303 of the Riegle Community Development and Regulatory Improvement Act of 1994, the International Banking Act of 1978, and section 2222 of the Economic Growth and Regulatory Paperwork Reduction Act of 1996, the Board reviewed and proposed for public comment a number of changes to Regulation K, which governs international banking operations (62 FR 68424, December 31, 1997). Subpart A of Regulation K governs the foreign investments and activities of all member banks. The proposed amendments include streamlined foreign branching procedures for U.S. banking organizations, authorization of expanded activities in foreign branches of U.S. banks, and expansion of the authority of U.S. banking organizations to engage in equity dealing and underwriting and to make venture capital investments outside the United States. Subpart B of Regulation K governs the U.S. activities of foreign banking organizations. The proposed

amendments include revisions aimed at streamlining the applications procedures applicable to foreign banks seeking to expand operations in the United States, changes to provisions regarding the qualification of certain foreign banking organizations for exemption from the nonbanking prohibitions of section 4 of the Bank Holding Company Act, and implementation of provisions of the Riegle-Neal Interstate Banking and Branching Efficiency Act of 1994 that affect foreign banks. In addition, a number of technical and clarifying amendments to subparts A and B, as well as to subpart C which governs export trading companies, and certain amendments to the Board's Rules Regarding Delegation of Authority have been proposed. Aspects of the proposed rule may have to be reconsidered in light of the enactment of the Gramm-Leach-Bliley Act.

The proposed amendments are 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	12/31/97	62 FR 68424
Further Board action by	12/00/00	

**Regulatory Flexibility Analysis****Required:** No**Government Levels Affected:** None

**Agency Contact:** Kathleen M. O'Day, Associate General Counsel, Federal Reserve System, Legal Division  
Phone: 202 452-3786

**RIN:** 7100-AC47

**4683. REGULATION: M — CONSUMER LEASING (DOCKET NUMBER: R-1042)**

**Priority:** Substantive, Nonsignificant

**Legal Authority:** 15 USC 1667

**CFR Citation:** 12 CFR 213**Legal Deadline:** None

**Abstract:** As part of the Board's overall review of its regulations under section 610(c) of the Regulatory Flexibility Act of 1994 and section 303 of the Riegle Community Development and Regulatory Improvement Act of 1994, the Board determined that the use of electronic communications to deliver

information to consumers that is required by Federal consumer financial services and fair lending laws could effectively reduce regulatory compliance burden without adversely affecting consumer protections. In March 1998, the Board approved issuing for public comment a proposal to amend Regulation M that would allow lessors to deliver by electronic communication the disclosures required by the Consumer Leasing Act and the Board's regulation, if the consumer agrees to such delivery (63 FR 14538, March 25, 1998). In addition, the proposal contained several technical amendments that were subsequently adopted in September 1998. In August 1999, based on public comments received in response to the March proposal, the Board approved publishing an additional proposal for comment to provide more detailed guidance on the use of electronic communications to deliver disclosures to consumers (64 FR 49713, September 14, 1999).

It is not anticipated that the rule will have any significant impact on small entities. The rule relieves compliance burden and gives lessors flexibility in providing disclosures.

On June 30, 2000, the President signed into law The Electronic Signatures in Global and National Commerce Act (E-Signature Act), which will become effective October 1, 2000. The E-Signature Act generally provides that records and signatures may not be denied legal effect solely because they are in electronic form. Under the Act, disclosures that must be provided to consumers in writing may be provided electronically if the consumer affirmatively consents after being provided specified information. Although no agency is required to issue regulations to implement the E-Signature Act, the Board may use its existing rulewriting authority under the financial services laws to interpret how the E-Signature Act affects the requirements imposed by those laws.

The E-Signature Act adopted into law some elements of the Board's regulatory proposal governing electronic disclosures. Some provisions in the Board's proposal, however, would be modified or preempted by the Act, while other provisions, which are designed to ensure effective delivery of electronic disclosures, are not addressed by the E-Signature Act but

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are consistent with that Act and could be issued as final rules. Within the next six months, the Board is expected to consider what further action is appropriate in light of the E-Signature Act.

**Timetable:**

Action	Date	FR Cite
Board requested comment	03/25/98	63 FR 14538
Board adopted technical amendments	09/29/98	63 FR 52107
Board approved publishing additional proposal on electronic communications	09/14/99	64 FR 49713
Further Board action by	01/00/01	

**Regulatory Flexibility Analysis**

**Required:** No

**Government Levels Affected:** None

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

Phone: 202 452-2412

**RIN:** 7100-AC53

**4684. REGULATION: Y — BANK HOLDING COMPANIES AND CHANGE IN BANK CONTROL (DOCKET NUMBER: R-1057)**

**Priority:** Substantive, Nonsignificant

**Legal Authority:** 12 USC 1843

**CFR Citation:** 12 CFR 225

**Legal Deadline:** Final, Statutory, March 11, 2000.

**Abstract:** In January 2000, the Board approved an interim rule with request for public comment amending Regulation Y to implement certain provisions of the Gramm-Leach-Bliley Act that amend the Bank Holding Company Act of 1956 (65 FR 3785, January 25, 2000). The interim regulation added to Regulation Y a new Subpart I, which sets forth the procedures that bank holding companies and foreign banks must follow in order to qualify as financial holding companies and thereby engage in the expanded range of financial activities authorized by the Gramm-Leach-Bliley Act. The new procedures may affect existing bank holding companies and foreign banks that seek to engage in the newly authorized activities, as well as other companies

that seek to become bank holding companies. It is not anticipated that the regulation will have a significant economic impact on a substantial number of small entities subject to the Board's regulation.

Based on its experience in processing financial holding company elections, the Board amended the interim rule in March 2000 with request for public comment (65 FR 15053, March 21, 2000). Following review of the public comments submitted on the interim rule and the subsequent amendments, the Board will consider changes to the rule, as appropriate, by year-end.

**Timetable:**

Action	Date	FR Cite
Board approved an interim rule	01/25/00	65 FR 3785
Board amended interim rule	03/21/00	65 FR 15053
Further Board action by	12/00/00	

**Regulatory Flexibility Analysis**

**Required:** Yes

**Small Entities Affected:** Businesses

**Government Levels Affected:** None

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

**RIN:** 7100-AC70

**4685. REGULATION: Y — BANK HOLDING COMPANIES AND CHANGE IN BANK CONTROL (DOCKET NUMBER: R-1060)**

**Priority:** Substantive, Nonsignificant

**Legal Authority:** 12 USC 1972

**CFR Citation:** 12 CFR 225.7

**Legal Deadline:** None

**Abstract:** In February 2000, the Board approved issuing for public comment a proposed exception to the anti-tying restrictions of section 106 of the Bank Holding Company Act Amendments of 1970 and the Board's Regulation Y (65 FR 6924, February 11, 2000). The proposed amendment would establish a "safe harbor" permitting a bank to offer a credit card that can be used to make purchases from a retailer affiliated with the bank. It is expected that the proposed rule would benefit the public by providing consumers with alternative sources of consumer credit, and is not expected to have a significant economic impact on a

substantial number of small business 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	02/11/00	65 FR 6924
Further Board action by	12/00/00	

**Regulatory Flexibility Analysis**

**Required:** No

**Government Levels Affected:** None

**Agency Contact:** Andrew S. Baer, Attorney, Federal Reserve System, Legal Division  
Phone: 202 452-2246

**RIN:** 7100-AC71

**4686. REGULATION: Y — BANK HOLDING COMPANIES AND CHANGE IN BANK CONTROL (DOCKET NUMBERS: R-1065 AND R-1067)**

**Priority:** Substantive, Nonsignificant

**Legal Authority:** 12 USC 1844(b); 12 USC 1843(k)(4)(H); 12 USC 1843(k)(7)

**CFR Citation:** 12 CFR 225

**Legal Deadline:** None

**Abstract:** Section 103 of the Gramm-Leach-Bliley Act ("GLB Act") authorizes bank holding companies that qualify as financial holding companies to engage in merchant banking activities as described and subject to the conditions set forth in section 4(k)(4)(H) of the Bank Holding Company Act ("BHC Act"), as amended. In March 2000, the Board and the Secretary of the Treasury jointly adopted, on an interim basis, and requested public comment on a rule implementing the merchant banking provisions of the GLB Act (65 FR 16460, March 28, 2000). On that same date, the Board issued for public comment proposed amendments to its capital guidelines for bank holding companies (Docket Number: R-1067). The capital proposal would require that bank holding companies deduct from their Tier 1 capital 50 percent of the value of their merchant banking investments. A similar capital charge would be imposed on investments in nonfinancial companies made by bank holding companies or their subsidiaries under section 4(c)(6) or 4(c)(7) of the BHC Act, section 211.5(b)(1)(iii) of the Board's Regulation K, section 302(b) of

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the Small Business Investment Act of 1958, or section 24 of the Federal Deposit Insurance Act.

Following review of the public comments, the Board anticipates further consideration of the interim rule and capital proposal by year-end. The Board requested public comment on the potential impact of the interim regulation and capital proposal on small entities and will carefully consider the economic impact of any further actions on small entities subject to the Board's regulation.

**Timetable:**

Action	Date	FR Cite
Board requested comment on interim and proposed rules	03/28/00	65 FR 16460
Further Board action by	12/00/00	

**Regulatory Flexibility Analysis**

**Required:** Yes

**Small Entities Affected:** Businesses

**Government Levels Affected:** None

**Agency Contact:** Kieran Fallon, Senior Counsel, Federal Reserve System, Legal Division

Phone: 202 452-5270

**RIN:** 7100-AC65

**4687. • REGULATION: Z — TRUTH IN LENDING (DOCKET NUMBER: R-1070)**

**Priority:** Substantive, Nonsignificant

**Legal Authority:** 15 USC 1601

**CFR Citation:** 12 CFR 226

**Legal Deadline:** None

**Abstract:** In May 2000, the Board approved issuing for public comment proposed amendments to Regulation Z, which implements the Truth in Lending Act, to revise the disclosure requirements for credit and charge card solicitations and applications (65 FR 33499, May 24, 2000). The annual percentage rate (APR) and other cost information must be provided in direct mail and other applications and solicitations to open card accounts. The amendments are intended to enhance consumers' ability to notice and understand cost information that generally must be provided in the form of a table. The APR disclosed for purchase transactions would be subject to a type size requirement, and the requirement that disclosures be "clear and conspicuous" would be more strictly construed. Additional guidance

would be given on the requirement that the table be prominently located and on the level of detail about cost information required or permitted in the table. The proposed amendments are not expected to have any significant impact on small entities beyond the initial revisions. 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	05/24/00	65 FR 33499
Further Board action by	12/00/00	

**Regulatory Flexibility Analysis Required:** Yes

**Small Entities Affected:** Businesses

**Government Levels Affected:** None

**Agency Contact:** Deborah J. Stipick, Staff Attorney, Federal Reserve System, Division of Consumer and Community Affairs

Phone: 202 452-2412

**RIN:** 7100-AC74

**4688. REGULATION: DD — TRUTH IN SAVINGS (DOCKET NUMBER: R-1044)**

**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 (TISA) 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. In March 1998, the Board issued for public comment a proposal that would implement the statutory changes (63 FR 14533, March 25, 1998), and the changes were subsequently adopted in September 1998. The proposal would

also allow depository institutions to deliver by electronic communication disclosures required by TISA and the Board's regulation, if the consumer agrees to such delivery. It is not expected that there will be a significant economic impact on small institutions.

In August 1999, based on public comments received on the electronic communications proposal, the Board approved publishing an additional proposal for comment to provide more detailed guidance on the use of electronic communications to deliver disclosures to consumers (64 FR 49740, September 14, 1999). The Board also approved publishing an interim rule permitting the electronic delivery of Regulation DD disclosures on periodic statements (Docket Number: R-1003).

On June 30, 2000, the President signed into law The Electronic Signatures in Global and National Commerce Act (E-Signature Act), which will become effective October 1, 2000. The E-Signature Act generally provides that records and signatures may not be denied legal effect solely because they are in electronic form. Under the Act, disclosures that must be provided to consumers in writing may be provided electronically if the consumer affirmatively consents after being provided specified information. Although no agency is required to issue regulations to implement the E-Signature Act, the Board may use its existing rulewriting authority under the financial services laws to interpret how the E-Signature Act affects the requirements imposed by those laws.

The E-Signature Act adopted into law some elements of the Board's regulatory proposal governing electronic disclosures. Some provisions in the Board's proposal, however, would be modified or preempted by the Act, while other provisions, which are designed to ensure effective delivery of electronic disclosures, are not addressed by the E-Signature Act but are consistent with that Act and could be issued as final rules. Within the next six months, the Board is expected to consider what further action is appropriate in light of the E-Signature Act.

**Timetable:**

Action	Date	FR Cite
Board requested comment	03/25/98	63 FR 14533

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Action	Date	FR Cite
Board adopted statutory changes	09/29/98	63 FR 52106
Board approved publishing additional proposal on electronic communications	09/14/99	64 FR 49740
Further Board action by	01/00/01	

**Regulatory Flexibility Analysis**

Required: No

Small Entities Affected: Businesses

Government Levels Affected: None

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

Phone: 202 452-2412

RIN: 7100-AC34

**4689. 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 proposals 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. In light of the passage of the Gramm-

Leach-Bliley Act, staff is reviewing the status of this proposal. 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
Further Board action by	12/00/00	

**Regulatory Flexibility Analysis**

Required: No

Government Levels Affected: Federal

**Agency Contact:** Pamela G. Nardolilli, Senior Counsel, Federal Reserve System, Legal Division

Phone: 202 452-3289

RIN: 7100-AC42

**4690. APPLICABILITY OF SECTION 23A TO THE PURCHASE OF SECURITIES FROM CERTAIN AFFILIATES AND TO LOANS AND EXTENSIONS OF CREDIT MADE BY A MEMBER BANK TO A THIRD PARTY (DOCKET NOS: R-1015 & R-1016)**

Priority: Substantive, Nonsignificant

Legal Authority: 12 USC 371c

CFR Citation: 12 CFR 250

Legal Deadline: None

**Abstract:** In June 1998, the Board issued for public comment two proposed rules to exempt certain transactions from the restrictions of section 23A of the Federal Reserve Act (63 FR 32766, June 16, 1998). Section 23A restricts the ability of a member bank to fund its affiliates through direct investment, loans, or certain other transactions (covered transactions). These proposals are in response to concerns raised by organizations when the Board earlier proposed removal of certain firewalls between insured depository institutions and their section 20 securities affiliates. Several petitioners stated then that, although the removal of the firewalls was welcomed, section 23A continued to limit certain transactions with their section 20 subsidiaries that do not raise significant safety and soundness issues and impede the efficient operation of the insured depository institutions.

In Docket Number: R-1015, the Board is proposing to expand the kind of assets that may be eligible for the (d)(6) exemption to include securities that, although not so widely traded as to

warrant publication of their activity in publications of general circulation, are actively traded and whose price can be obtained from independent reliable sources, if the securities are purchased from a registered broker-dealer.

In Docket Number: R-1016, the Board is proposing to grant two exemptions from section 23A for certain loans and extension of credit made by an insured depository institution to customers that use the proceeds to purchase certain securities from or through the depository institution's registered broker-dealer affiliate. The first exemption would apply when the affiliate is acting solely as a broker or riskless principal in the securities transaction. The second exemption would apply when the extension of credit is made pursuant to a pre-existing line of credit that was not established for the purposes of buying securities from or through an affiliate.

In light of the passage of the Gramm-Leach-Bliley Act, staff is reviewing the status of the proposals. Further action is expected by year-end. It is not anticipated that the proposals will have a significant economic impact on a substantial number of small entities.

**Timetable:**

Action	Date	FR Cite
Board requested comment	06/16/98	63 FR 32766
Further Board action by	12/00/00	

**Regulatory Flexibility Analysis**

Required: No

Government Levels Affected: None

**Agency Contact:** Pamela Nardolilli, Senior Counsel, Federal Reserve System, Legal Division

Phone: 202 452-3289

RIN: 7100-AC52

**4691. • INTERAGENCY GUIDELINES ESTABLISHING STANDARDS FOR SAFEGUARDING CUSTOMER INFORMATION AND RESCISSION OF YEAR 2000 STANDARDS FOR SAFETY AND SOUNDNESS (DOCKET NUMBER: R-1073)**

Priority: Substantive, Nonsignificant. Major status under 5 USC 801 is undetermined.

Legal Authority: 15 USC 6801; 15 USC 6805

CFR Citation: 12 CFR 208.3(d); 12 CFR 208 app D-2; 12 CFR 211.9; 12 CFR

## FRS

## Final Rule Stage

211.24(j); 12 CFR 225.1(c)(16); 12 CFR 225.4(g); 12 CFR 225 app F; 12 CFR 263.302(a)

**Legal Deadline:** None

**Abstract:** In June 2000, the Board, collectively with the Office of the Comptroller of the Currency, the Federal Deposit Insurance Corporation, and the Office of Thrift Supervision, requested public comment on proposed guidelines for safeguarding customer information (65 FR 39471, June 26, 2000). The proposed guidelines would implement sections 501 and 505(b) of the Gramm-Leach-Bliley Act and would apply to financial institutions under primary supervision of the Board or the other agencies. The proposed guidelines would require financial institutions to establish appropriate standards relating to administrative, technical, and physical safeguards designed to achieve the statutory goals of (1) insuring the security and

confidentiality of customer records and information; (2) protecting against any anticipated threats or hazards to the security or integrity of such records; and (3) protecting against unauthorized access to or use of such records or information that could result in substantial harm or inconvenience to any customer. The Board and the other agencies also proposed to rescind their guidelines on Year 2000 safety and soundness, as the events for which those guidelines were issued have passed.

The Board's proposed guidelines would apply to financial institutions supervised by the Board, regardless of size. Although some institutions may need to establish or enhance information security programs to comply with the proposed guidelines, the cost of doing so is not known. The Board has specifically requested comment about the potential impact on

community banks and will be reviewing current information security practices at smaller institutions during the comment period. The Board is expected to take further action before year-end.

**Timetable:**

Action	Date	FR Cite
Board requested comment	06/26/00	65 FR 39471
Further Board action by	11/00/00	

**Regulatory Flexibility Analysis**

**Required:** Yes

**Small Entities Affected:** Businesses

**Government Levels Affected:** None

**Agency Contact:** Heidi Richards, Manager, Federal Reserve System, Division of Banking Supervision and Regulation  
Phone: 202 452-2598

**RIN:** 7100-AC72

## Federal Reserve System (FRS)

## Completed Actions

**4692. REGULATION: P — PRIVACY OF CONSUMER FINANCIAL INFORMATION (DOCKET NUMBER: R-1058)**

**Priority:** Substantive, Nonsignificant. Major under 5 USC 801.

**Legal Authority:** 15 USC 6801 et seq

**CFR Citation:** 12 CFR 216

**Legal Deadline:** Final, Statutory, May 12, 2000.

**Abstract:** In February 2000, the Board issued for public comment a proposed rule to implement the privacy provisions in Title V, Subtitle A, of the Gramm-Leach-Bliley Act ("GLB Act") (65 FR 8770, February 22, 2000). The GLB Act and the proposed rule required financial institutions to protect the confidentiality and security of nonpublic personal information about consumers. Under the proposal, financial institutions must provide notice to consumers about their privacy policies and practices, describe the conditions under which they may disclose nonpublic personal information about consumers to nonaffiliated third parties, and provide a method for consumers to "opt out" of such disclosures. In May 2000, after review of the public comments, the Board approved a final rule

substantially as proposed, but with some revisions, such as a delayed compliance date and model clauses for use in notices to consumers (65 FR 35162, June 1, 2000).

The final rule will apply to financial institutions over which the Board has primary supervisory authority regardless of size. (Other federal regulatory agencies adopted similar rules that apply to other financial institutions.) The requirements of the rule may have a significant economic impact on a substantial number of small institutions, particularly if those institutions disclose nonpublic personal information about consumers to nonaffiliated third parties.

**Timetable:**

Action	Date	FR Cite
Board requested comment	02/22/00	65 FR 8770
Board adopted proposal	06/01/00	65 FR 35162

**Regulatory Flexibility Analysis**

**Required:** Yes

**Small Entities Affected:** Businesses

**Government Levels Affected:** None

**Agency Contact:** Stephanie Martin, Managing Senior Counsel, Federal Reserve System, Legal Division

Phone: 202 452-3198

**RIN:** 7100-AC61

**4693. 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. The review of the regulation was conducted in accordance with section 303 of the

## FRS

## Completed Actions

Riegle Community Development and Regulatory Improvement Act of 1994. 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 1997, the Board republished for comment and subsequently adopted several aspects of the 1996 proposal as part of a proposed rule to implement the Electronic Freedom of Information Act Amendments of 1996. Subpart C of the original proposal, dealing primarily with the discretionary authority of the Board's General

Counsel to produce information, was not included in the 1997 regulation. In light of the passage of time since the February 1996 proposal was issued, it is anticipated that the Board will make changes in the remaining aspects of the proposal based on the comments received and will reissue revised amendments for future comment. However, Board action on the remainder of the regulation is not expected during the next six months.

**Timetable:**

Action	Date	FR Cite
Board requested comment	02/28/96	61 FR 7436

Action	Date	FR Cite
Further Board action not expected within the next six months	08/24/00	

**Regulatory Flexibility Analysis Required:** No**Government Levels Affected:** None**Agency Contact:** Karen Appelbaum, Counsel, Federal Reserve System, Legal Division

Phone: 202 452-3389

**RIN:** 7100-AC22

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