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August 28, 1998

B530

FEDERAL RESERVE SYSTEM
12 CFR Chap. 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, 1998, through April 1, 1999. The next Agenda will be published in April 1999.

DATES: Comments about the form or content of the Agenda may be submitted any time during the next six 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 1998 Agenda as part of the October 1998 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 six 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.

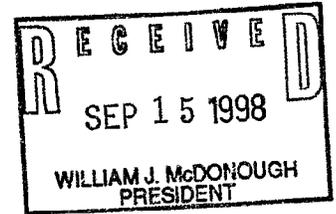
A dot (•) preceding an entry indicates a new matter that was not a part of the Board's previous Agenda and which the Board has not completed.

(signed) Barbara R. Lowrey

Barbara R. Lowrey,
Associate Secretary of the Board.

To be listed on Schedule A
for directors, meeting of

9/17/98
Brd For Secretary



4
2

Section 1
Proposed Rule Stage

•1.

TITLE:

Regulation: B -- Equal Credit Opportunity (Docket Number: R-1008)(Section 610 Review)

LEGAL AUTHORITY:

15 USC 1691

CFR CITATION:

12 CFR 202

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 (the "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, sex, marital status, age, and other specified bases. The review will determine whether Regulation B 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, including preapplication marketing practices, inquiry versus application, data collection for nonmortgage credit products, and creditor liability. The Board also solicited comment generally on potential revisions to the regulation. Following review of the public comments, the Board is expected to issue a proposed rule within the next six months. Specific proposals will take into account the economic impact on small entities subject to the Board's regulation.

TIMETABLE:	ACTION	DATE	FR CITE
	Board requested comment	03/12/98	63 FR 12326
	Further Board action by	02/00/99	

REGULATORY FLEXIBILITY ANALYSIS REQUIRED: Undetermined

AGENCY CONTACT:

Natalie E. Taylor
Staff Attorney
Division of Consumer and Community Affairs
202 452-2412

RIN: 7100-AC54

•2.

TITLE:

Regulation: C -- Home Mortgage Disclosure (Docket Number: R-1001)

LEGAL AUTHORITY:

12 USC 2801

CFR CITATION:

12 CFR 203

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 is soliciting 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 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 by year-end.

TIMETABLE:	ACTION	DATE	FR CITE
	Board requested comment	03/12/98	63 FR 12329
	Further Board action by	12/00/98	

REGULATORY FLEXIBILITY ANALYSIS REQUIRED: Undetermined

AGENCY CONTACT:

Jane Jensen Gell
Senior Attorney
Division of Consumer and Community Affairs
202 452-3667

RIN: 7100-AC51

•3.

TITLE:

Regulation: J -- Collection of Checks and Other Items by Federal Reserve Banks; and
Regulation: CC -- Availability of Funds and Collection of Checks (Docket Number: R-1009)

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 et seq

CFR CITATION:

12 CFR 210
12 CFR 229

ABSTRACT:

In March 1998, the Board approved issuing for public comment an advance notice of proposed rulemaking regarding the benefits and drawbacks associated with the provisions of Regulation CC that require a paying bank to settle with a presenting bank for checks on the same day the checks are presented, as long as the checks are presented by 8:00 a.m. local time at specified locations (63 FR 12700, March 16, 1998). The Board also requested comment on the effects of additional changes to Regulations J and CC to reduce the legal disparities between the Federal Reserve Banks and private-sector banks in the presentment and settlement of checks. The objective of such rule changes would be to promote competition in check collection services, which should promote efficiencies and spur innovation.

It is not anticipated that any proposed notice of rulemaking 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.

TIMETABLE:	ACTION	DATE	FR CITE
	Board requested comment	03/16/98	63 FR 12700
	Further Board action by	12/00/98	

REGULATORY FLEXIBILITY ANALYSIS REQUIRED: Undetermined

AGENCY CONTACT:

Stephanie Martin
Senior Counsel
Legal Division
202 452-3198

RIN: 7100-AC50

4.

TITLE:

Regulation: T -- Credit by Brokers and Dealers; Regulation: U -- Credit by Banks; and
Regulation: X -- Borrowers of Securities Credit (Docket Number: R-0995)

LEGAL AUTHORITY:

15 USC 78G, "Securities Exchange Act of 1934, as amended"

CFR CITATION:

12 CFR 220
12 CFR 221
12 CFR 224

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 and request for comment 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 within the next two months.

TIMETABLE:	ACTION	DATE	FR CITE
	Board requested comment	01/16/98	63 FR 2840
	Further Board action by	10/00/98	

REGULATORY FLEXIBILITY ANALYSIS REQUIRED: Undetermined

AGENCY CONTACT:

Scott Holz
Senior Attorney
Legal Division
202 452-2966

RIN: 7100-AC45

5.

TITLE:

Section 303 Regulatory Review (Section 610 Review)

LEGAL AUTHORITY:

12 USC 4803(a)(1)
5 USC 610

CFR CITATION:

12 CFR ch II

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.

Items below indicated with an asterisk are also being reviewed by the Board in accordance with the periodic review requirements of section 610(c) of the Regulatory Flexibility Act.

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

- 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	09/00/99	

REGULATORY FLEXIBILITY ANALYSIS REQUIRED: Undetermined

AGENCY CONTACT:

Barbara R. Lowrey
Associate Secretary
Office of the Secretary
202 452-3742

RIN: 7100-AC09

Section 2
Final Rule Stage

6.

TITLE:

Regulation: B -- Equal Credit Opportunity; and Regulation: Z -- Truth in Lending (Docket Numbers: R-1006 and R-1005)

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

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-1004 and R-1003). 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 (Docket Number: R-0919; 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.

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 within the next two months.

TIMETABLE:	ACTION	DATE	FR CITE
	Board requested comment	03/25/98	63 FR 14548
	Further Board action by	10/00/98	

REGULATORY FLEXIBILITY ANALYSIS REQUIRED: No

AGENCY CONTACT:

Michael Hentrel
Attorney
Division of Consumer and Community Affairs
202 452-2412

RIN: 7100-AC46

7.

TITLE:

Regulation: D -- Reserve Requirements of Depository Institutions (Docket Number: R-0956)

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

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 during the next year.

TIMETABLE:	ACTION	DATE	FR CITE
	Board requested comment	12/31/96	61 FR 69054
	Further Board action by	07/00/99	

REGULATORY FLEXIBILITY ANALYSIS REQUIRED: No

AGENCY CONTACT:

Rick Heyke
Staff Attorney
Legal Division
202 452-3688

RIN: 7100-AC11

8.

TITLE:

Regulation: E -- Electronic Fund Transfers (Docket Numbers: R-0919 and R-1002)

LEGAL AUTHORITY:

15 USC 1693 et seq

CFR CITATION:

12 CFR 205

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 No. R-0919; 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 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 No. R-1002; 63 FR 14528, March 25, 1998). It is anticipated that the Board will take further action on the electronic communications rule, as well as on the new account proposal, within the next two months. Action on the stored-value card amendment is expected by year-end.

TIMETABLE:	ACTION	DATE	FR CITE
	Board requested comment	05/02/96	61 FR 19696
	Board adopted interim rule	03/25/98	63 FR 14528
	Further Board action by	10/00/98	

REGULATORY FLEXIBILITY ANALYSIS REQUIRED: No

AGENCY CONTACT:

John C. Wood
Senior Attorney
Division of Consumer and Community Affairs
202 452-2412

RIN: 7100-AC06

●9.

TITLE:

Regulation: E -- Electronic Fund Transfers (Docket Number: R-1007)

LEGAL AUTHORITY:

15 USC 1693 et seq

CFR CITATION:

12 CFR 205

ABSTRACT:

In March 1998, the Board issued for public comment proposed amendments to Regulation E to eliminate the extended time periods for investigating error claims involving point-of-sale (POS) debit card and foreign-initiated electronic fund transfers (63 FR 14555, March 25, 1998). Under Regulation E, financial institutions generally have 10 business days to provisionally credit an account and up to 45 calendar days to complete an investigation of a claimed error involving an electronic fund transfer to or from a consumer account. For POS and foreign transactions, institutions have up to 20 business days to provisionally credit an account and up to 90 calendar days to complete the investigation. The proposed rule also contains a technical amendment to a model form.

It is not expected that the proposals will have a significant economic impact on a substantial number of small institutions. It is anticipated that the Board will take further action on the proposals within the next two months.

TIMETABLE:	ACTION	DATE	FR CITE
	Board requested comment	03/25/98	63 FR 14555
	Further Board action by	10/00/98	

REGULATORY FLEXIBILITY ANALYSIS REQUIRED: No

AGENCY CONTACT:

John C. Wood
Senior Attorney
Division of Consumer and Community Affairs
202 452-2412

RIN: 7100-AC55

10.

TITLE:

Regulation: H -- Membership of State Banking Institutions in the Federal Reserve System
(Docket Number: R-0950)

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

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CFR CITATION:

12 CFR 208

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, 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 and coordination with the other agencies, 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	10/00/98	

REGULATORY FLEXIBILITY ANALYSIS REQUIRED: No

TITLE:

Regulation: H -- Membership of State Banking Institutions in the Federal Reserve System
(Docket Number: R-0950)

AGENCY CONTACT:

Angela Desmond
Senior Counsel
Division of Banking Supervision and Regulation
202 452-2781

RIN: 7100-AC14

11.

TITLE:

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)

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

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CFR CITATION:

12 CFR 208 app A

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.

TITLE:

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)

TIMETABLE:

Board requested comment
Further Board action by

ACTION

DATE

08/16/96
12/00/98

FR CITE

61 FR 42565

REGULATORY FLEXIBILITY ANALYSIS REQUIRED: No

AGENCY CONTACT:

John Connolly
Supervisory Financial Analyst
Division of Banking Supervision and Regulation
202 452-3621

RIN: 7100-AC13

12.

TITLE:

Regulation: H -- Membership of State Banking Institutions in the Federal Reserve System; and
Regulation: Y -- Bank Holding Companies and Change in Bank Control (Docket Numbers:
R-0947 and R-0948)

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

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CFR CITATION:

12 CFR 208 app A
12 CFR 208 app B
12 CFR 225 app A
12 CFR 225 app D

ABSTRACT:

In October 1997, the Board issued 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 (62 FR 55686, October 27, 1997). 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 the definition of a well-capitalized bank holding company for expedited applications purposes.

The proposals were issued 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. In June 1998, following review of the public comments, the Board adopted the proposed revisions to the bank holding company leverage ratio (63 FR 30369, June 4, 1998). Action by the Board and other agencies on the proposals for banks and thrifts is expected within the next two months. The proposed changes will not have a significant economic impact on a substantial number of small entities subject to the Board's regulation.

TITLE:

Regulation: H -- Membership of State Banking Institutions in the Federal Reserve System; and
Regulation: Y -- Bank Holding Companies and Change in Bank Control (Docket Numbers:
R-0947 and R-0948)

TIMETABLE:

ACTION	DATE	FR CITE
Board requested comment	10/27/97	62 FR 55686
Board adopted bank holding company proposal	06/04/98	63 FR 30369
Further Board action by	10/00/98	

REGULATORY FLEXIBILITY ANALYSIS REQUIRED: No

AGENCY CONTACT:

Kirk Odegard
Senior Financial Analyst
Division of Banking Supervision and Regulation
202 530-6225

RIN: 7100-AC29

13.

TITLE:

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-0982)

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

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CFR CITATION:

12 CFR 208 app A
12 CFR 225 app A

ABSTRACT:

In October 1997, as part of a joint interagency proposal, the Board requested public comment on revisions to the Federal Reserve's risk-based capital guidelines to permit certain revaluation gains on equity securities in Tier 2 capital (62 FR 55682, October 27, 1997). 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 Basel Accord.

Following review of the public comments, the Board is expected to take further action within the next two months. It is not expected that the proposal, if adopted as a final rule, 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 requested comment	10/27/97	62 FR 55682
Further Board action by	10/00/98	

REGULATORY FLEXIBILITY ANALYSIS REQUIRED: No

TITLE:

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-0982)

AGENCY CONTACT:

Barbara Bouchard
Manager
Division of Banking Supervision and Regulation
202 452-3072

RIN: 7100-AC39

14.

TITLE:

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-0985)

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

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). 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.

Subsequent to the issuance of this proposal, the Board issued a regulation limiting 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 (60 FR 8177, February 13, 1995).

In November 1997, the Board requested public comment on a revised proposal that sets forth the definitions and capital treatments discussed above (62 FR 59944, November 5, 1997). In addition, the proposal requests comment on several alternative approaches to assessing capital against asset securitizations including the use of internal bank information.

TITLE:

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-0985)

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 on small institutions. 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	05/25/94	59 FR 27115
	Board adopted one aspect of the proposal	02/13/95	60 FR 8177
	Board requested comment	11/05/97	62 FR 59944
	Further Board action by	12/00/98	

REGULATORY FLEXIBILITY ANALYSIS REQUIRED: No

AGENCY CONTACT:

Thomas R. Boemio
Senior Supervisory Financial Analyst
Division of Banking Supervision and Regulation
202 452-2982

RIN: 7100-AB77

15.

TITLE:

Regulation: K -- International Banking Operations (Docket Number: R-0994)

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

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. 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 within the next two months.

TIMETABLE:

ACTION

DATE

FR CITE

Board requested comment
Further Board action by

12/31/97
10/00/98

62 FR 68424

TITLE:

Regulation: K -- International Banking Operations (Docket Number: R-0994)

REGULATORY FLEXIBILITY ANALYSIS REQUIRED: No

AGENCY CONTACT:

Kathleen M. O'Day
Associate General Counsel
Legal Division
202 452-3786

RIN: 7100-AC47

•16.

TITLE:

Regulation: L -- Management Official Interlocks (Docket Number: R-1013)

LEGAL AUTHORITY:

12 USC 3201 et seq

CFR CITATION:

12 CFR 212

ABSTRACT:

In August 1998, the Board, along with the other federal depository institution regulatory agencies, approved issuing for public comment a proposal to amend regulations, including the Board's Regulation L, governing depository institution management interlocks to reflect certain statutory changes (63 FR 43051, August 11, 1998). In addition to implementing these statutory changes, the agencies also proposed a small market share exemption for institutions that, on a combined basis, control less than 20 percent of the deposits in a community or relevant metropolitan statistical area. The exemption is intended to enlarge the pool of management talent upon which depository institutions may draw and thereby enhance the competitiveness of these institutions.

It is not anticipated that the proposal will have a significant impact on a substantial number of small entities subject to the Board's regulation. Following review of the public comments, the Board is expected to take further action within the next six months.

TIMETABLE:	ACTION	DATE	FR CITE
	Board requested comment	08/11/98	63 FR 43051
	Further Board action by	02/00/99	

REGULATORY FLEXIBILITY ANALYSIS REQUIRED: No

AGENCY CONTACT:

Thomas Corsi
Senior Counsel
Legal Division
202 452-3275

RIN: 7100-AC56

•17.

TITLE:

Regulation: M -- Consumer Leasing (Docket Number: R-1004)

LEGAL AUTHORITY:

15 USC 1667

CFR CITATION:

12 CFR 213

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 act and regulation, if the consumer agrees to such delivery (63 FR 14538, March 25, 1998). In addition, the proposal contains several technical amendments that would be made to the regulation and commentary.

It is not anticipated that the proposal will have any significant economic impact on small entities. The proposed rule would relieve compliance burden and give lessors flexibility in providing disclosures. 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

03/25/98

63 FR 14538

Further Board action by

10/00/98

REGULATORY FLEXIBILITY ANALYSIS REQUIRED: No

AGENCY CONTACT:

Obrea O. Poindexter

Staff Attorney

Division of Consumer and Community Affairs

202 452-2412

RIN: 7100-AC53

18.

TITLE:

Regulation: Y -- Bank Holding Companies and Change in Bank Control (Docket Number: R-0990)

LEGAL AUTHORITY:

12 USC 1817(j)(13)
12 USC 1818
12 USC 1828o
12 USC 1831i
12 USC 1831p-1
12 USC 1843(c)(8)
12 USC 1844(b)
12 USC 1972(1)
12 USC 3106
12 USC 3108
12 USC 3310
12 USC 3331 to 3351
12 USC 3907
12 USC 3909

CFR CITATION:

12 CFR 225

ABSTRACT:

In December 1997, the Board approved issuing for public comment a proposal to exempt any transaction involving the underwriting or dealing of mortgage-backed securities from the Board's appraisal requirements (62 FR 64997, December 9, 1997). This amendment would permit a nonbank subsidiary of a bank holding company engaged in underwriting and dealing in securities (a so-called section 20 subsidiary) to underwrite and deal in mortgage-backed securities without demonstrating that the loans underlying the securities are supported by appraisals that meet the Board's appraisal requirements. As the proposal notes, the Board believes the public rating or due diligence that the market requires for mortgage-backed securities provides information that is at least as sufficient for assessing risks as new appraisals for the underlying loans. The Board proposed this amendment to address concerns raised by bank holding companies regarding the inability of section 20 subsidiaries to actively participate in the commercial mortgage-backed securities market due to the appraisal restrictions of subpart G.

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	12/09/97	62 FR 64997
Further Board action by	10/00/98	

TITLE:

Regulation: Y -- Bank Holding Companies and Change in Bank Control (Docket Number: R-0990)

REGULATORY FLEXIBILITY ANALYSIS REQUIRED: No

AGENCY CONTACT:

Mark E. Van Der Weide
Attorney
Legal Division
202 452-2263

RIN: 7100-AC49

19.

TITLE:

Regulation: DD -- Truth in Savings (Docket Number: R-1003)

LEGAL AUTHORITY:

12 USC 4301 et seq

CFR CITATION:

12 CFR 230

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. In March 1998, the Board issued for public comment a proposal that would implement the statutory changes (63 FR 14533, March 25, 1998). The proposal would also allow depository institutions to deliver by electronic communication disclosures required by the act and regulation, if the consumer agrees to such delivery.

It is not expected that there will be a significant economic impact on small institutions.

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

TIMETABLE:	ACTION	DATE	FR CITE
	Board requested comment	03/25/98	63 FR 14533
	Further Board action by	10/00/98	

REGULATORY FLEXIBILITY ANALYSIS REQUIRED: No

AGENCY CONTACT:

Obrea O. Poindexter
Staff Attorney
Division of Consumer and Community Affairs
202 452-2412

RIN: 7100-AC34

20.

TITLE:

Applicability of Sections 23A and 23B of the Federal Reserve Act to Transactions Between a Member Bank and Its Subsidiaries (Docket Number: R-0977)

LEGAL AUTHORITY:

12 USC 371c(b)(1)(E)

CFR CITATION:

12 CFR 250.243

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

TIMETABLE:	ACTION	DATE	FR CITE
	Board requested comment	07/15/97	62 FR 37744
	Further Board action by	02/00/99	

REGULATORY FLEXIBILITY ANALYSIS REQUIRED: No

AGENCY CONTACT:

Pamela G. Nardolilli
Senior Attorney
Legal Division
202 452-3289

RIN: 7100-AC42

•21.

TITLE:

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 Numbers: R-1015 and R-1016)

LEGAL AUTHORITY:

12 USC 371c

CFR CITATION:

12 CFR 250

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 impeded 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.

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

11/00/98

REGULATORY FLEXIBILITY ANALYSIS REQUIRED: No

TITLE:

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 Numbers: R-1015 and R-1016)

AGENCY CONTACT:

Pamela Nardolilli
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Legal Division
202 452-3289

RIN: 7100-AC52

22.

TITLE:

Rules Regarding Availability of Information (Docket Number: R-0917)

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

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.

TIMETABLE:

ACTION

DATE

FR CITE

Board requested comment

02/28/96

61 FR 7436

Further Board action by

12/00/98

TITLE:

Rules Regarding Availability of Information (Docket Number: R-0917)

REGULATORY FLEXIBILITY ANALYSIS REQUIRED: No

AGENCY CONTACT:

Karen Appelbaum
Attorney
Legal Division
202 452-3389

RIN: 7100-AC22

Section 3
Completed Actions

23.

TITLE:

Regulation: B -- Equal Credit Opportunity (Docket Number: R-0978)

LEGAL AUTHORITY:

15 USC 1691

CFR CITATION:

12 CFR 202

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 a requirement 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 through C-5 and to the general instructions for these forms (62 FR 37166, July 11, 1997). In April 1998, following review of the public comments, the Board adopted final amended model forms to ease compliance for creditors that choose to use the forms (63 FR 16392, April 3, 1998). The Board deferred final action on which disclosures should be provided when adverse action is based on information in a consumer report obtained from an affiliate. The Board determined that this issue merits further consideration and would be more appropriately addressed in an interpretation of the FCRA, likely issued jointly with the Federal Trade Commission. 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
	Board took final action	04/03/98	63 FR 16392

REGULATORY FLEXIBILITY ANALYSIS REQUIRED: No

AGENCY CONTACT:

Jane Gell
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Division of Consumer and Community Affairs
202 452-3667

RIN: 7100-AC35

24.

TITLE:

Regulation: D -- Reserve Requirements of Depository Institutions (Docket Number: R-0988)

LEGAL AUTHORITY:

12 USC 461

CFR CITATION:

12 CFR 4

ABSTRACT:

In November 1997, the Board approved issuing for public comment a proposal to move from the current system of contemporaneous reserve maintenance for institutions that are weekly reporters to a system under which reserves are maintained on a lagged basis by such institutions (62 FR 60671, November 12, 1997). Under a lagged maintenance system, the reserve maintenance period for a weekly reporter will begin 30 days after the beginning of a reserve computation period. Under the current system, the reserve maintenance period begins two days after the beginning of the computation period. The Board is considering this action to improve the ability of the Federal Reserve to estimate accurately the need for reserves on a timely basis to ensure greater effectiveness of the Federal Reserve's open market operations.

The proposal will affect only those institutions that are weekly deposit reporters, which generally include depository institutions that have total deposits of \$75 million or greater as these are the only institutions currently required to maintain contemporaneous reserves on a contemporaneous basis. For those institutions that are weekly reporters, the proposed amendments generally would simplify compliance with reserve requirements for these institutions.

In March 1998, following review of the public comments, the Board adopted the amendments substantially as proposed (63 FR 15069, March 30, 1998). The proposal is not expected to have a significant economic impact on small institutions.

TIMETABLE:	ACTION	DATE	FR CITE
	Board requested comment	11/12/97	62 FR 60671
	Board adopted proposal	03/30/98	63 FR 15069

REGULATORY FLEXIBILITY ANALYSIS REQUIRED: No

AGENCY CONTACT:

Oliver Ireland
Associate General Counsel
Legal Division
202 452-3625

RIN: 7100-AC48

25.

TITLE:

Regulation: H -- Membership of State Banking Institutions in the Federal Reserve System
(Docket Number: R-0964)

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

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 review of regulations under section 303 of the Riegle Community Development and Regulatory Improvement Act of 1994. Consistent with the objectives of the Regulatory Flexibility Act, 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 banks to conduct business on a more cost-efficient basis.

In June 1998, following review of the public comments, the Board adopted the proposals substantially as proposed (63 FR 37630, July 13, 1998).

TIMETABLE:

ACTION	DATE	FR CITE
Board requested comment on Regulations H and P	03/31/97	62 FR 15272
Board adopted proposals	07/13/98	63 FR 37630

TITLE:

Regulation: H -- Membership of State Banking Institutions in the Federal Reserve System
(Docket Number: R-0964)

REGULATORY FLEXIBILITY ANALYSIS REQUIRED: Yes

AGENCY CONTACT:

Jean Anderson
Staff Attorney
Legal Division
202 452-3707

RIN: 7100-AC37

26.

TITLE:

Regulation: H -- Membership of State Banking Institutions in the Federal Reserve System; and
Regulation: Y -- Bank Holding Companies and Change in Bank Control

LEGAL AUTHORITY:

12 USC 1831m

CFR CITATION:

12 CFR 208

12 CFR 225

ABSTRACT:

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

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

The Board has joint rulemaking authority with the other banking agencies regarding the enforcement provisions of section 112. The Board and the other agencies will issue a notice of proposed rulemaking for public comment when interagency agreement is reached. Further action is not expected within the next six months.

TIMETABLE:

ACTION

DATE

FR CITE

Action is not expected within the next six months

08/21/98

REGULATORY FLEXIBILITY ANALYSIS REQUIRED: No

TITLE:

Regulation: H -- Membership of State Banking Institutions in the Federal Reserve System; and
Regulation: Y -- Bank Holding Companies and Change in Bank Control

AGENCY CONTACT:

Richard A. Small
Assistant Director
Division of Banking Supervision and Regulation
202 452-5235

RIN: 7100-AB39

27.

TITLE:

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)

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

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CFR CITATION:

12 CFR 208
12 CFR 225

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. In August 1998, following review of the public comments, the Board adopted the proposal with the following changes: (1) all

TITLE:

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)

interest-only strips receivable will be included in Tier 1 capital on an unlimited basis; (2) non-mortgage servicing assets will be subject to the same 100 percent of Tier 1 capital limitation as mortgage servicing assets and purchased credit card relationships (PCCRs); (3) non-mortgage servicing assets will be also subject to a further sublimit of 25 percent of Tier 1 capital, the same sublimit as PCCRs; and (4) the 90 percent of fair value limitation, which is currently applied to mortgage servicing assets and PCCRs, will be extended to non-mortgage servicing assets (63 FR 42667, August 10, 1998).

TIME/TABLE:	ACTION	DATE	FR CITE
	Board requested comment	08/04/97	62 FR 42006
	Board adopted proposal	08/10/98	63 FR 42667

REGULATORY FLEXIBILITY ANALYSIS REQUIRED: No

AGENCY CONTACT:

Arleen Lustig
Supervisory Financial Analyst
Division of Banking Supervision and Regulation
202 452-2987

RIN: 7100-AC38

28.

TITLE:

Regulation: I -- Issue and Cancellation of Capital Stock of Federal Reserve Banks (Docket Number: R-0966)

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

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 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, as consistent with the objectives of the Regulatory Flexibility Act, would be burden-reducing. Therefore, the proposal would not have a significant adverse economic impact on a substantial number of small entities. In July 1998, following review of the public comments, the Board adopted the revisions substantially as proposed (63 FR 37659, July 13, 1998).

TIMETABLE:	ACTION	DATE	FR CITE
	Board requested comment	03/31/97	62 FR 15297
	Board adopted proposal	07/13/98	63 FR 37659

REGULATORY FLEXIBILITY ANALYSIS REQUIRED: No

AGENCY CONTACT:

Rick Heyke
Staff Attorney
Legal Division
202 452-3688

RIN: 7100-AC40

29.

TITLE:

Regulation: DD -- Truth in Savings (Docket Numbers: R-0836 and R-0869)

LEGAL AUTHORITY:

12 USC 4301 et seq

CFR CITATION:

12 CFR 230

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). In July 1998, following review of the public comments, the Board amended Regulation DD to make the interim rule final (63 FR 40635, July 30, 1998).

The amendments, which provide institutions an alternative method for calculating and disclosing the annual percentage yield for certain time accounts, are not likely to have a significant impact on institutions' costs, including the costs to small institutions.

TIMETABLE:	ACTION	DATE	FR CITE
	Board requested comment	05/11/94	59 FR 24378
	Board extended comment period	07/11/94	59 FR 35271
	Board adopted an interim rule	01/26/95	60 FR 5128
	Board requested further comment	01/26/95	60 FR 5142
	Board adopted interim rule in final	07/30/98	63 FR 40635

REGULATORY FLEXIBILITY ANALYSIS REQUIRED: Yes

AGENCY CONTACT:

Obrea O. Poindexter
Staff Attorney
Division of Consumer and Community Affairs
202 452-2412

RIN: 7100-AB80

30.

TITLE:

Policy Statement on Privately Operated Multilateral Settlement Systems (Docket Number: R-0987)

LEGAL AUTHORITY:

12 USC 221 et seq

CFR CITATION:

00 CFR None

ABSTRACT:

In November 1997, the Board requested comment on a proposed policy statement on privately operated multilateral settlement systems to integrate current policy statements and new provisions (62 FR 60713, November 12, 1997). The policy would require privately operated multilateral settlement systems for U.S. dollar payments to address material credit, liquidity operational, legal, and systemic risks, thereby enhancing the safety and soundness of the payments system. In June 1998, following review of the public comments, the Board adopted a revised version of its proposed policy (63 FR 34888, June 26, 1998). The policy largely retains the risk criteria of the proposal but applies only to large systems that settle payments with an aggregate gross value of more than \$5 billion on any day.

The policy is designed to minimize regulatory burden on small arrangements that do not raise material risks and will not have a significant economic impact on a substantial number of small entities.

TIMETABLE:	ACTION	DATE	FR CITE
	Board requested comment	11/12/97	62 FR 60713
	Board adopted policy	06/26/98	63 FR 34888

REGULATORY FLEXIBILITY ANALYSIS REQUIRED: No

AGENCY CONTACT:

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Division of Reserve Bank Operations and Payment Systems
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RIN: 7100-AC44