Thursday,  
November 30, 2000

Part LVII

Federal Reserve System

Semiannual Regulatory Agenda
### FEDERAL RESERVE SYSTEM (FRS)

#### FEDERAL RESERVE SYSTEM

**12 CFR Ch. II**

**Semiannual Regulatory Flexibility Agenda**

**AGENCY:** Board of Governors of the Federal Reserve System.

**ACTION:** Semiannual regulatory agenda.

**SUMMARY:** The Board is issuing this agenda under the Regulatory Flexibility Act and the Board’s Statement of Policy Regarding Expanded Rulemaking Procedures. The Board anticipates having under consideration regulatory matters as indicated below during the period 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.

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### Federal Reserve System—Proposed Rule Stage

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<td>Regulation: H — Membership of State Banking Institutions in the Federal Reserve System; and Regulation: Y — Bank Holding Companies and Change in Bank Control</td>
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<td>Regulation: T — Credit by Brokers and Dealers; Regulation: U — Credit by Banks; and Regulation: X — Borrowers of Securities Credit (Docket Number: R-0995)</td>
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<td>4690</td>
<td>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 &amp; R-1016)</td>
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Federal Reserve System—Completed Actions

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<td>Rules Regarding Availability of Information (Docket Number: R-0917)</td>
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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:

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<th>Action</th>
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<td>63 FR 12329</td>
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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
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
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Board will consider proposing by request comments | 12/00/00 | RIN: 7100-AC73

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

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 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
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Board will consider proposal by Regulatory Flexibility Analysis Required: No
Agency Contact: David Adkins, 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
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:**

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<td>Required: No</td>
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<td>Government Levels Affected: None</td>
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<tr>
<td>Agency Contact: Arleen Lustig, Supervisory Financial Analyst, Federal Reserve System, Division of Banking Supervision and Regulation</td>
<td>Phone: 202 452-2987</td>
<td>RIN: 7100–AC77</td>
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**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

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**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:**

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**Government Levels Affected:** None
**Agency Contact:** Kieran Fallon, Senior Counsel, Federal Reserve System, Legal Division

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**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:**

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<tr>
<td>Agency Contact: Scott J. Holz, Counsel, Federal Reserve System, Legal Division</td>
<td>Phone: 202 452-2966</td>
<td>RIN: 7100–AC45</td>
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4699. APPLICABILITY OF SECTIONS 23A AND 23B OF THE FEDERAL RESERVE ACT TO TRANSACTIONS BETWEEN INSURED DEPOSITORY INSTITUTIONS AND THEIR AFFILIATES

Priority: Substantive, Nonsignificant
Legal Authority: 12 USC 371c; 12 USC 371c-1
CFR Citation: 12 CFR 223

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.

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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
### 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.

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<td>Board requested comment on proposed rule</td>
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**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-1043).

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 Act 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.

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<td>Board approved publishing additional proposal on electronic communications</td>
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**Agency Contact:** Heatherun Allison, Counsel, Federal Reserve System, Legal Division
Phone: 202 452-3565
RIN: 7100–AC11

### 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 240(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:**

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**Regulatory Flexibility Analysis Required:** No

**Government Levels Affected:** None

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### 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 required by 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:**

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<td>63 FR 14528</td>
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<td>09/14/99</td>
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</table>

**Regulatory Flexibility Analysis Required:** No

**Government Levels Affected:** None

**Agency Contact:** John C. Wood, Counsel, Federal Reserve System,
Division of Consumer and Community Affairs  
Phone: 202 452-2412  
RIN: 7100–AC67

4676. REGULATION: E — ELECTRONIC FUNDS TRANSFER  
(DOCKET NUMBER: R-1077)  
Priority: Substantive, Nonsignificant  
Legal Authority: 12 USC 1831x; 12 USC 1835a  
CFR Citation: 12 CFR 208  
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: Kyung Cho-Miller, 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 May 2000, the Board, jointly with the other federal banking agencies, approved issuing for public comment a proposed rule to implement the provision of the Gramm-Leach-Bliley Act in conjunction with parallel activities of the other banking agencies. In addition, the Board will consider amending Regulation H to conform its provisions to section 121 of the Gramm-Leach-Bliley Act in the areas of 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 (2 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 state 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  

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

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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.

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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.
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.  
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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  

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 one form of 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:**

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Further Board action by 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 NUMBERS: R-1057)

Priority: Substantive, Nonsignificant

Legal Authority: 12 USC 1843

CFR Citation: 12 CFR 225


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 business entities. Following review of the public comments, the Board is expected to take further action by year-end.

**Timetable:**

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<td>03/21/00</td>
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| Further Board action by 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-funding 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:**

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| Further Board action by 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
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:**

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**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

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**4687. REGULATION: DD — TRUTH IN SAVINGS (DOCKET NUMBER: R-1044)**

**Priority:** Substantive, Nonsignificant

**Legal Authority:** 12 USC 4301 et seq

**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:**

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**4688. 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 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.

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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 250.243
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 37744, June 15, 1998). Section 23A restricts the ability of a member bank to fund its affiliates through direct investment, loans, or certain other transactions. In light of the passage of the Gramm-Leach-Bliley Act, the Board is reviewing the status of the proposals. Further action is expected by year-end.

Regulatory Flexibility Analysis
Required: No
Small Entities Affected: Businesses
Government Levels Affected: None
Agency Contact: Pamela G. 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 RESSION 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 4690. 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 211.9; 12 CFR 4691.

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 light of the passage of the Gramm-Leach-Bliley Act, the Board is reviewing the status of this proposal. The Board is expected to take further action by year-end.

Regulatory Flexibility Analysis
Required: No
Small Entities Affected: Businesses
Government Levels Affected: None
Agency Contact: Pamela Nardolilli, Senior Counsel, Federal Reserve System, Legal Division
Phone: 202 452-3289
RIN: 7100–AC34

Timetable:

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<tr>
<th>Action</th>
<th>Date</th>
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<tbody>
<tr>
<td>Board approved publishing additional proposal on electronic communications</td>
<td>09/29/98 63 FR 52106</td>
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<tr>
<td>Board approved publishing additional proposal on electronic communications</td>
<td>09/14/99 64 FR 49740</td>
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<td>Further Board action by</td>
<td>01/00/01</td>
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Board requested comment | 07/20/97 62 FR 37744 |
Further Board action by | 12/00/00 |

Regulatory Flexibility Analysis
Required: No
Small Entities Affected: Businesses
Government Levels Affected: None
Agency Contact: Pamela G. Nardolilli, Senior Counsel, Federal Reserve System, Legal Division
Phone: 202 452-3289
RIN: 7100–AC34
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.

Legal Deadline: None

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
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:

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<tr>
<td>Board requested comment</td>
<td>02/28/96</td>
<td>61 FR 7436</td>
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</table>

**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

[FR Doc. 00–22733 Filed 11–29–00]