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**Monday,
May 13, 2002**

Part LV

**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 April 1 through October 1, 2002. The next agenda will be published in the fall of 2002.

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 spring 2002 agenda as part of the Spring 2002 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.

Margaret McCloskey Shanks,
Assistant Secretary of the Board.

Federal Reserve System—Proposed Rule Stage

Sequence Number	Title	Regulation Identification Number
3884	Regulation: H — Membership of State Banking Institutions in the Federal Reserve System	7100-AC73
3885	Regulation: H — Membership of State Banking Institutions in the Federal Reserve System; and Regulation: Y — Bank Holding Companies and Change in Bank Control	7100-AC78
3886	Regulation: H — Membership of State Banking Institutions in the Federal Reserve System; and Regulation: Y — Bank Holding Companies and Change in Bank Control, Capital Appendices (Section 610 Review)	7100-AC88
3887	Regulation: T — Credit by Brokers and Dealers; Regulation: U — Credit by Banks; and Regulation: X — Borrowers of Securities Credit (Docket Number: R-0995)	7100-AC45
3888	Regulation: Y — Bank Holding Companies and Change in Bank Control	7100-AC66
3889	Regulation: BB — Community Reinvestment (Docket Number: R-1112) (Section 610 Review)	7100-AC87
3890	Regulation: DD — Truth in Savings Act (Section 610 Review)	7100-AC86

Federal Reserve System—Final Rule Stage

Sequence Number	Title	Regulation Identification Number
3891	Regulation: B — Equal Credit Opportunity (Docket Number: R-1008) (Section 610 Review)	7100-AC54
3892	Regulation: B — Equal Credit Opportunity; and Regulation: Z — Truth in Lending (Docket Numbers: R-1040 and R-1043)	7100-AC46
3893	Regulation: C — Home Mortgage Disclosure (Docket Numbers: R-1001 and R-1120)	7100-AC51
3894	Regulation: E — Electronic Fund Transfers (Docket Numbers: R-0919 and R-1041)	7100-AC06
3895	Regulation: H — Membership of State Banking Institutions in the Federal Reserve System (Docket Number: R-1064)	7100-AC69
3896	Regulation: H — Membership of State Banking Institutions in the Federal Reserve System (Docket Number: R-1099)	7100-AC84
3897	Regulation: H — Membership of State Banking Institutions in the Federal Reserve System; and Regulation: Y — Bank Holding Companies and Change in Bank Control (Docket Number: R-0930)	7100-AC13
3898	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-1087)	7100-AC75
3899	Regulation: M — Consumer Leasing (Docket Number: R-1042)	7100-AC53
3900	Regulation: V — Fair Credit Reporting (Docket Number: R-1082)	7100-AC68
3901	Regulation: W — Transactions Between Banks and Their Affiliates (Docket Number: R-1103)	7100-AC63
3902	Regulation: Y — Bank Holding Companies and Change in Bank Control (Docket Number: R-1091)	7100-AC79

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Federal Reserve System—Final Rule Stage (Continued)

Sequence Number	Title	Regulation Identification Number
3903	Regulation: Y — Bank Holding Companies and Change in Bank Control (Docket Number: R-1094)	7100-AC81
3904	Regulation: Y — Bank Holding Companies and Change in Bank Control (Docket Number: R-1092)	7100-AC82
3905	Regulation: DD — Truth in Savings (Docket Number: R-1044)	7100-AC34
3906	Misc. Interpretations: Application of Sections 23A and 23B of the Federal Reserve Act to Derivative Transactions with Affiliates and Intraday Extensions of Credit to Affiliates (Docket Number: R-1104)	7100-AC85

Federal Reserve System—Completed Actions

Sequence Number	Title	Regulation Identification Number
3907	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-1085)	7100-AC76
3908	Regulation: H — Membership of State Banking Institutions in the Federal Reserve System; and Regulation: Y — Bank Holding Companies and Change in Bank Control (Docket Number: R-1055)	7100-AB77
3909	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-1097)	7100-AC65
3910	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-1080)	7100-AC77
3911	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-1084)	7100-AC80
3912	Regulation: K — International Banking Operations (Docket Number: R-0994)	7100-AC47
3913	Regulation: Z — Truth in Lending (Docket Number: R-1090)	7100-AC83

Federal Reserve System (FRS)

Proposed Rule Stage

3884. 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 issuing for public comment a rule that would implement these recordkeeping requirements. The

Board notes that the Securities and Exchange Commission has, by rule, delayed the effective date of the new exemptions for banks contained in section 3(a)(4) and (5) of the Securities Exchange Act of 1934, and has requested comment on rules that would provide guidance concerning the scope of their exemptions. (Release No. 34-44570, July 18, 2001; Release No. 34-44291, 66 FR 27760, May 18, 2001). It is not anticipated that the Board's proposal, when issued, would have a significant economic impact on a substantial number of small entities subject to the Board's regulation.

Timetable:

Action	Date	FR Cite
Board will consider requesting comment by	05/00/02	

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

3885. REGULATION: H — MEMBERSHIP OF STATE BANKING INSTITUTIONS IN THE FEDERAL RESERVE SYSTEM; AND REGULATION: Y — BANK HOLDING COMPANIES AND CHANGE IN BANK CONTROL

Priority: Substantive, Nonsignificant

Legal Authority: 12 USC 24; 12 USC 24a; 12 USC 36; 12 USC 92a; 12 USC 93a; 12 USC 248(a); 12 USC 248(c); 12 USC 321 to 338a; 12 USC 371d; 12 USC 481 to 486; 12 USC 601; 12 USC 611; 12 USC 1814; 12 USC 1816; ...

CFR Citation: 12 CFR 208; 12 CFR 225

Legal Deadline: None

Abstract: The Board will consider issuing for public comment proposed amendments to Regulations H and Y that will take into account the

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implications of the Gramm-Leach-Bliley Act (GLB Act) relating to the ability of state member banks to control operations subsidiaries. The proposed amendments will also include a series of technical changes to Regulation Y necessitated by the GLB Act, as well as a general reorganization of Regulation Y. The proposal should not have a substantive economic impact on small entities, as its substantive portions are expected to liberalize the Board's present rules.

Timetable:

Action	Date	FR Cite
Board will consider requesting comment by	06/00/02	

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

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

RIN: 7100-AC78

3886. • REGULATION: H — MEMBERSHIP OF STATE BANKING INSTITUTIONS IN THE FEDERAL RESERVE SYSTEM; AND REGULATION: Y — BANK HOLDING COMPANIES AND CHANGE IN BANK CONTROL, CAPITAL APPENDICES (SECTION 610 REVIEW)

Priority: Substantive, Nonsignificant

Legal Authority: 12 USC 24; 12 USC 24a; 12 USC 36; 12 USC 92a; 12 USC 93a; 12 USC 248(a); 12 USC 248(c); 12 USC 321 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; ...

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

Legal Deadline: None

Abstract: The capital appendices to Regulations H and Y set forth guidelines for institutions in calculating their regulatory capital requirements, both risk-based and leverage.

While the guidelines are continuously monitored and updated as required to reflect market innovations, accounting changes, or modifications to supervisory policy, the Board is undertaking a more comprehensive

review of the guidelines to minimize regulatory burden, clarify issues arising from the Gramm-Leach-Bliley Act, enhance the overall risk sensitivity, and to comply with provisions of section 610(c) of the Regulatory Flexibility Act of 1994. Following the review, the Board will publish a notice of proposed rulemaking.

Timetable:

Action	Date	FR Cite
Board will consider requesting comment by	06/00/02	

Regulatory Flexibility Analysis Required: Undetermined**Government Levels Affected:** None

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

RIN: 7100-AC88

3887. 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 interested persons 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.

Timetable:

Action	Date	FR Cite
Board requested comment	01/16/98	63 FR 2840
Further Board action by	09/00/02	

Regulatory Flexibility Analysis Required: Undetermined**Government Levels Affected:** None

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

RIN: 7100-AC45

3888. 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.

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

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

Timetable:

Action	Date	FR Cite
Board will consider requesting comment by	05/00/02	

Regulatory Flexibility Analysis

Required: No

Government Levels Affected: None

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

Phone: 202 452-5270

RIN: 7100-AC66

3889. REGULATION: BB — COMMUNITY REINVESTMENT (DOCKET NUMBER: R-1112) (SECTION 610 REVIEW)

Priority: Substantive, Nonsignificant

Legal Authority: 12 USC 2901

CFR Citation: 12 CFR 228

Legal Deadline: None

Abstract: In 1995, the Board issued Regulation BB which implements the Community Reinvestment Act (CRA). Substantially similar regulations were issued by the Office of the Comptroller of the Currency (OCC), the Federal Deposit Insurance Corporation (FDIC), and the Office of Thrift Supervision (OTS). The goal of these regulations was to achieve more objective performance-based CRA examinations and to minimize burden. At the time these regulations were issued, the agencies committed to conducting a 2002 comprehensive review of the regulations' effectiveness in achieving this goal.

In July 2001, the Board, the OCC, FDIC, and OTS issued an advance notice of

proposed rulemaking (ANPR) (66 FR 37602, July 19, 2001). The notice identifies key issues in addition to requesting comment generally on potential revisions to the regulation. The Board is also reviewing the regulation in accordance with requirements of section 610(c) of the Regulatory Flexibility Act of 1994.

The first issue presented in the ANPR is whether any change to the regulation is necessary and warranted, in light of the burden that change would entail. Other issues include: the effectiveness of the evaluation methods set forth in the regulations; the effectiveness of the requirement that large financial institutions collect and report data on small business, small farm, and community development lending; and whether the regulations have provided a reasonable and sufficient standard for designating the communities within which a financial institution's activities will be evaluated during a CRA examination.

It is not anticipated that any rule proposed for public comment 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.

Timetable:

Action	Date	FR Cite
Board requested comment	07/19/01	66 FR 37602
Further Board action by	06/00/02	

Regulatory Flexibility Analysis

Required: Yes

Small Entities Affected: Businesses

Government Levels Affected: None

Agency Contact: Kathleen Ryan, Senior Attorney, Federal Reserve

System, Division of Consumer and Community Affairs
Phone: 202 452-3667

RIN: 7100-AC87

3890. REGULATION: DD — TRUTH IN SAVINGS ACT (SECTION 610 REVIEW)

Priority: Substantive, Nonsignificant

Legal Authority: 12 USC 4301

CFR Citation: 12 CFR 230

Legal Deadline: None

Abstract: Regulation DD, which implements the Truth in Savings Act, requires that depository institutions uniformly disclose to customers information about the terms and conditions on which interest is paid and fees are assessed on deposit accounts.

The Board has targeted Regulation DD for review to update it and to comply with provisions of section 610(c) of the Regulatory Flexibility Act of 1994. The review is expected to commence with publication of an advance notice of proposed rulemaking in 2002 and be completed in the same year.

Timetable:

Action	Date	FR Cite
Board will consider requesting comment by	05/00/02	

Regulatory Flexibility Analysis

Required: Yes

Small Entities Affected: Businesses

Government Levels Affected: None

Agency Contact: Jane Aherns, Senior Counsel, Federal Reserve System, Division of Consumer and Community Affairs

Phone: 202 452-3667

RIN: 7100-AC86

Federal Reserve System (FRS)

Final Rule Stage

3891. 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 1998, the Board targeted Regulation B, which implements the Equal Credit Opportunity Act (ECOA), for a review to update the regulation. 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 March 1998, the Board issued for public comment an advance notice of proposed rulemaking for Regulation B that identified specific issues, in addition to requesting general comment on revisions to the regulation (63 FR 12326, March 12, 1998).

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In August 1999, following review of the public comments on the advance notice, the Board issued for public comment a proposed rule amending Regulation B (64 FR 44582, August 16, 1999). Major revisions in the proposed rule 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. Following review of the public comments, the Board is expected to take further action.

Timetable:

Action	Date	FR Cite
Board requested comment on advance notice	03/12/98	63 FR 12326
Board requested comment on proposed rule	08/16/99	64 FR 44582
Further Board action by	10/00/02	

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**3892. 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 and September 1999, the Board issued for public comment proposed rules to permit the electronic delivery of Regulation B and Regulation Z disclosures, if the consumer agrees (63 FR 14548, March 25, 1998, and 64 FR 46988, September 14, 1999). The Board also issued similar proposed rules under other consumer financial services laws administered by the Board.

The Electronic Signatures in Global and National Commerce Act (E-Sign Act), which became effective October 1, 2000, generally governs the validity of records and signatures in electronic form. The E-Sign Act incorporated some elements of the Board's regulatory proposals governing electronic disclosures. Some provisions in the Board's proposals, however, were modified or preempted by the Act, while other provisions were not addressed by the E-Sign Act but were consistent with that Act and could be issued as final rules.

In March 2001, the Board issued interim final rules on the electronic delivery of disclosures (66 FR 17329, March 30, 2001, and 66 FR 17779, April 4, 2001). The scheduled mandatory compliance date was later lifted (66 FR 41439, August 8, 2001). Under the interim final rules, consistent with the requirements of the E-Sign Act, creditors generally must obtain consumers' affirmative consent to provide disclosures electronically. There are exceptions for certain disclosures. The interim final rules also establish uniform requirements for the timing and delivery of electronic disclosures. The March 2001 rulemakings were published as interim final rules to allow interested persons to present new information or views not considered in previous rulemakings. The rules are not expected to have a significant economic impact on a substantial number of small business entities. Following review of

the public comments, the Board will take further action.

Timetable:

Action	Date	FR Cite
Board issued proposed rules	03/25/98	63 FR 14548
Board issued revised proposed rules	09/14/99	64 FR 46988
Board issued interim final rule (Regulation Z)	03/30/01	66 FR 17329
Board issued interim final rule (Regulation B)	04/04/01	66 FR 17779
Board lifted mandatory compliance date	08/08/01	66 FR 41439
Further Board action by	05/00/02	

Regulatory Flexibility Analysis**Required:** No**Government Levels Affected:** None**Agency Contact:** Natalie E. Taylor, Counsel, Federal Reserve System, Division of Consumer and Community Affairs

Phone: 202 452-2412

RIN: 7100-AC46**3893. REGULATION: C — HOME MORTGAGE DISCLOSURE (DOCKET NUMBERS: R-1001 AND R-1120)****Priority:** Substantive, Nonsignificant**Legal Authority:** 12 USC 2801**CFR Citation:** 12 CFR 203**Legal Deadline:** None

Abstract: In 1998, Regulation C, which implements the Home Mortgage Disclosure Act (HMDA) was targeted for review to update the regulation. HMDA requires most mortgage lenders located in metropolitan areas to report annually to Federal agencies and disclose to the public information about their home purchase and home improvement lending activities. In March 1998, the Board issued an advance notice of proposed rulemaking, and in December 2000 issued for public comment a proposed rule amending Regulation C (65 FR 78656, December 15, 2000).

In January 2002, following review of the public comments, the Board approved a final rule amending Regulation C (67 FR 7221, February 15, 2002). Among other things, the amendments, which are effective January 1, 2003, do the following: (1) revise definitions of certain reportable loans and the definition of application

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Final Rule Stage

to include "preapprovals" as defined in the regulation; (2) require lenders to report loans with APRs that exceed the yield on a Treasury security of comparable maturity, if the rate spread above the Treasury rate is 3 percentage points for first lien loans and 5 percentage points for subordinate lien loans—lenders must report the rate spread above the appropriate Treasury security; (3) report whether a loan is subject to HOEPA and whether a loan is for manufactured housing; and (4) expand the coverage of nondepository lenders.

The final rule would affect all institutions currently within the scope of the regulation, including covered small institutions. No newly covered institution would be a small mortgage lender. It is not anticipated that the final rule would have a significant economic impact on a substantial number of small entities subject to the Board's regulation.

At the time of adoption of the final rule, the Board requested comment on three additional issues: (1) whether the rate spreads of three and four percent are appropriate; (2) whether lien status should be reported; and (3) whether lenders should be required to ask about race and national origin, for example, in connection with telephone applications (67 FR 7251, February 15, 2002). Following review of the public comments, the Board will take further action.

Timetable:

Action	Date	FR Cite
Board requested comment on advance notice	03/12/98	63 FR 12329
Board requested comment on proposed rule	12/15/00	65 FR 78656
Board adopted proposals	02/15/02	67 FR 7221
Board requested comment	02/15/02	67 FR 7251
Further Board action by	07/00/02	

Regulatory Flexibility Analysis Required: Yes**Small Entities Affected:** Businesses**Government Levels Affected:** None

Agency Contact: Kathleen Ryan, Senior Attorney, Federal Reserve System, Division of Consumer and Community Affairs
Phone: 202 452-2412

RIN: 7100-AC51**3894. 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 March 1998 and September 1999, the Board issued for public comment an interim final rule and proposed rules under Regulation E to permit the electronic delivery of disclosures, if the consumer agrees (Docket Number: R-1002; 63 FR 14528, March 25, 1998 (interim rule), and Docket Number: R-1041; 64 FR 49699, September 14, 1999). The Board also issued similar proposed rules under other consumer financial services laws administered by the Board.

The Electronic Signatures in Global and National Commerce Act (E-Sign Act), which became effective October 1, 2000, generally provides that records and signatures may not be denied legal effect solely because they are in electronic form. The E-Sign Act incorporated some elements of the Board's regulatory proposal governing electronic disclosures. Certain provisions in the Board's proposal, however, were modified or preempted by the Act, while other provisions were not addressed by the E-Sign Act but were consistent with the Act and could be issued as final rules.

In March 2001, the Board issued an interim final rule on the electronic delivery of disclosures (66 FR 17786, April 4, 2001). The scheduled mandatory compliance date was later lifted (66 FR 41439, August 8, 2001). Under the interim final rule, consistent with the requirements of the E-Sign Act, financial institutions generally must obtain consumers' affirmative consent to provide disclosures electronically. The interim final rule also establishes uniform requirements for the timing and delivery of electronic disclosures. The March 1998 interim rule was withdrawn under the interim final rule.

The March 2001 rulemaking was published as an interim final rule to allow interested persons to present new information or views not considered in previous rulemakings. The rule 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.

A May 1996 Regulation E proposal to permit financial institutions to provide disclosures electronically also included proposed amendments 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 latter proposal remains pending.

Timetable:

Action	Date	FR Cite
Board issued proposed rule on coverage of stored-value products	05/02/96	61 FR 19696
Board issued interim rule permitting electronic delivery of disclosures	03/25/98	63 FR 14528
Board issued proposed rule imposing additional requirements re: electronic delivery of disclosures	09/14/99	64 FR 49699
Board issued interim final rules	04/04/01	66 FR 17786
Board lifted mandatory compliance date of interim final rule	08/08/01	66 FR 41439
Further Board action by	05/00/02	

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-AC06**3895. REGULATION: H — MEMBERSHIP OF STATE BANKING INSTITUTIONS IN THE FEDERAL RESERVE SYSTEM (DOCKET NUMBER: R-1064)****Priority:** Substantive, Nonsignificant**Legal Authority:** 12 USC 335; 12 USC 1835a**CFR Citation:** 12 CFR 208**Legal Deadline:** None

Abstract: In March 2000, the Board approved an interim rule with request

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for public comment amending Regulation H to implement section 121 of the Gramm-Leach-Bliley Act for state member banks (65 FR 14810, March 20, 2000). Section 121 in part authorizes state member banks to control, or hold an interest in, financial subsidiaries so as to conduct certain activities that are financial in nature or incidental to a financial activity. In August 2001, following review of the public comments, the Board adopted the final rule substantially as proposed (66 FR 42929, August 16, 2001).

The Board will also consider issuing for public comment a proposed rule in place of an existing Miscellaneous Interpretation (12 CFR 250.141) relating to member bank purchases of stock in operations subsidiaries to update its provisions and conform to section 121. 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.

Timetable:

Action	Date	FR Cite
Board requested comment on interim rule	03/20/00	65 FR 14810
Board adopted interim rule	08/16/01	66 FR 42929
Board will consider requesting comment on replacement rule for Miscellaneous Interpretation by	06/00/02	

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
3896. REGULATION: H — MEMBERSHIP OF STATE BANKING INSTITUTIONS IN THE FEDERAL RESERVE SYSTEM (DOCKET NUMBER: R-1099)
Priority: Substantive, Nonsignificant**Legal Authority:** 12 USC 1835a**CFR Citation:** 12 CFR 208**Legal Deadline:** None

Abstract: In April 2001, the Board, along with the other banking agencies, issued for public comment a proposed rule that would amend uniform

regulations implementing section 109 of the Riegle-Neal Interstate Banking and Branching Efficiency Act of 1994 (Interstate Act) to effectuate the amendment of section 109 contained in section 106 of the Gramm-Leach-Bliley Act (66 FR 18411, April 9, 2001). Section 109 prohibits a bank from establishing or acquiring a branch or branches outside of its home state for the purpose of deposit production. Additionally, section 109 contains guidelines for determining whether a bank is reasonably helping to meet the credit needs of communities served by an out-of-state branch or branches. Section 106 expanded the coverage of section 109 of the Interstate Act to include any branch of a bank controlled by an out-of-state bank holding company. The proposed rule amends the regulatory deposit production prohibition to include any bank or branch controlled by an out-of-state bank holding company, including a bank consisting only of a main office.

It is not anticipated that the rule will have a significant economic impact on a substantial number of small entities subject to the regulation. Following review of the public comments, the Board is expected to take further action.

Timetable:

Action	Date	FR Cite
Board requested comment	04/09/01	66 FR 18411
Further Board action by	06/00/02	

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-AC84
3897. 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 identified 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 provisions in 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 inter-agency final rule, the Board is expected to take further action.

Timetable:

Action	Date	FR Cite
Board requested comment	08/16/96	61 FR 42565
Further Board action by	07/00/02	

Regulatory Flexibility Analysis**Required:** No**Government Levels Affected:** None**Agency Contact:** John Connolly, Supervisory Financial Analyst, Federal

FRS

Final Rule Stage

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

RIN: 7100-AC13

3898. 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-1087)

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: In December 2000, the Board issued an interim rule, with request for public comment, amending Regulations H and Y to effectively reduce the capital requirement for certain securities borrowing transactions (65 FR 75856, December 5, 2000). 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 amendments 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. Following review of the public comments, the Board will take further action.

Timetable:

Action	Date	FR Cite
Board requested comment	12/05/00	65 FR 75856
Further Board action by	10/00/02	

Regulatory Flexibility Analysis Required: No

Government Levels Affected: None

Agency Contact: David Adkins, Supervisory Financial Analyst, Federal Reserve System, Division of Banking Supervision and Regulation

Phone: 202 452-5259

RIN: 7100-AC75

3899. 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: In March 1998 and September 1999, the Board issued for public comment proposed rules under Regulation M, which implements the Consumer Leasing Act, to permit the electronic delivery of disclosures, if the consumer agrees (63 FR 14538, March 25, 1998 and 64 FR 49713, September 14, 1999). The Board also issued similar proposed rules under other consumer financial services regulations administered by the Board.

The Electronic Signatures in Global and National Commerce Act (E-Sign Act), which became effective October 1, 2000, generally governs the validity of records and signatures in electronic form. The E-Sign Act incorporated some elements of the Board's regulatory proposal governing electronic disclosures. Some provisions in the Board's proposal, however, were modified or preempted by the Act, while other provisions were not addressed by the E-Sign Act but were consistent with that Act and could be issued as final rules.

In March 2001, the Board issued an interim final rule on the electronic delivery of disclosures (66 FR 17322, March 30, 2001). The scheduled mandatory compliance date was later lifted (66 FR 41439, August 8, 2001). Under the interim final rule, consistent with the requirements of the E-Sign Act, lessors generally must obtain consumers' affirmative consent to provide disclosures electronically. There are exceptions for disclosures not deemed to relate to "transactions," such as disclosures in advertising. The interim final rule also establishes uniform requirements for the timing and delivery of electronic disclosures.

The March 2001 rulemaking was published as an interim final rule to allow interested persons to present new information or views not considered in previous rulemakings. The rule 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 will take further action.

Timetable:

Action	Date	FR Cite
Board issued proposed rule	03/25/98	63 FR 14538
Board issued revised proposed rule	09/14/99	64 FR 49713
Board issued interim final rule	03/30/01	66 FR 17322
Board lifted mandatory compliance date	08/08/01	66 FR 41439
Further Board action by	05/00/02	

Regulatory Flexibility Analysis Required: No

Government Levels Affected: None

Agency Contact: Jane Ahrens, Senior Counsel, Federal Reserve System, Division of Consumer and Community Affairs

Phone: 202 452-2412

RIN: 7100-AC53

3900. REGULATION: V — FAIR CREDIT REPORTING (DOCKET NUMBER: R-1082)

Priority: Substantive, Nonsignificant

Legal Authority: 15 USC 1681 et seq

CFR Citation: 12 CFR 222

Legal Deadline: None

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

In October 2000, the agencies issued proposed regulations for public comment (65 FR 63120, October 20, 2000). The proposal is not expected to have a significant economic impact on a substantial number of small entities. Following review of the public comments, the agencies will take further action.

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Final Rule Stage

Timetable:

Action	Date	FR Cite
Board requested comment	10/20/00	65 FR 63120
Further Board action by	09/00/02	

Regulatory Flexibility Analysis**Required:** No**Government Levels Affected:** None**Agency Contact:** David Stein, Senior Attorney, Federal Reserve System, Division of Consumer and Community Affairs

Phone: 202 452-3667

RIN: 7100-AC68**3901. REGULATION: W — TRANSACTIONS BETWEEN BANKS AND THEIR AFFILIATES (DOCKET NUMBER: R-1103)****Priority:** Substantive, Nonsignificant**Legal Authority:** 12 USC 371c; 12 USC 371c-1**CFR Citation:** 12 CFR 223**Legal Deadline:** None

Abstract: In May 2001, in response to passage of the Gramm-Leach-Bliley Act, the Board issued for public comment a new regulation (Regulation W) to implement sections 23A and 23B of the Federal Reserve Act (66 FR 24186, May 11, 2001). Sections 23A and 23B regulate transactions between insured depository institutions and their affiliates. The proposed regulation codifies existing interpretations and asks for comment on new interpretations and exemptions. The proposal also requests comment on the treatment of derivatives and intra-day credit exposures between insured depository institutions and their affiliates. The Board has requested comment on the likely burden the rule will impose on small institutions. Following review of the public comments, the Board is expected to take further action.

Timetable:

Action	Date	FR Cite
Board requested comment	05/11/01	66 FR 24186
Further Board action by	06/00/02	

Regulatory Flexibility Analysis**Required:** Yes**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-AC63**3902. REGULATION: Y — BANK HOLDING COMPANIES AND CHANGE IN BANK CONTROL (DOCKET NUMBER: R-1091)****Priority:** Substantive, Nonsignificant**Legal Authority:** 12 USC 1843**CFR Citation:** 12 CFR 225.86**Legal Deadline:** None

Abstract: In January 2001, the Board issued for public comment a proposed rule amending Regulation Y that would define real estate brokerage and real estate management activities as financial in nature or incidental to a financial activity and therefore permissible for financial holding companies under the Board's Regulation Y (66 FR 307, January 3, 2001). The proposal would facilitate the creation of diversified financial companies that can offer "one-stop shopping" to consumers contemplating the purchase or management of real estate. The proposal 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 will take further action.

Timetable:

Action	Date	FR Cite
Board requested comment	01/03/01	66 FR 307
Further Board action by	06/00/02	

Regulatory Flexibility Analysis**Required:** No**Government Levels Affected:** None**Agency Contact:** Mark E. Van Der Weide, Counsel, Federal Reserve System, Legal Division
Phone: 202 452-2263**RIN:** 7100-AC79**3903. REGULATION: Y — BANK HOLDING COMPANIES AND CHANGE IN BANK CONTROL (DOCKET NUMBER: R-1094)****Priority:** Substantive, Nonsignificant**Legal Authority:** 12 USC 1843**CFR Citation:** 12 CFR 225.86(e)**Legal Deadline:** None

Abstract: In December 2000, the Board, jointly with the Department of the Treasury, issued interim rules with request for public comment that implement section 4(k)(5) of the Bank Holding Company Act and section 5136A(b)(3) of the Revised Statutes, which were added by the Gramm-Leach-Bliley Act (66 FR 257, January 3, 2001). The interim rules specify three general types of activities to be financial in nature or incidental to a financial activity, and create a mechanism by which financial holding companies, financial subsidiaries of national banks, or others may request that the Board or the Secretary of the Treasury, respectively, define particular activities within one of the three categories. Such activities would therefore be permissible for financial holding companies and financial subsidiaries of national banks. The rules are not expected to have a significant economic impact on a substantial number of small entities. Following review of the public comments, the Board will take further action.

Timetable:

Action	Date	FR Cite
Board requested comment	01/03/01	66 FR 257
Further Board action by	06/00/02	

Regulatory Flexibility Analysis**Required:** No**Government Levels Affected:** None**Agency Contact:** Andrew S. Baer, Counsel, Federal Reserve System, Legal Division

Phone: 202 452-2246

RIN: 7100-AC81**3904. REGULATION: Y — BANK HOLDING COMPANIES AND CHANGE IN BANK CONTROL (DOCKET NUMBER: R-1092)****Priority:** Substantive, Nonsignificant**Legal Authority:** 12 USC 1843(k)**CFR Citation:** 12 CFR 225.28; 12 CFR 225.89**Legal Deadline:** None

Abstract: In December 2000, the Board issued for public comment a proposed rule that would allow all bank holding companies to conduct a greater amount of nonfinancial data processing than

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previously authorized (65 FR 80384, December 21, 2000). The proposed rule also would allow financial holding companies, as a complementary activity, to own companies engaged in certain data processing-related activities, such as data storage and Internet and portal hosting. The Board anticipates that the proposal would allow bank holding companies to provide a wider range of financial products and services to customers and would not have a significant economic impact on a substantial number of small entities. Following review of the public comments, the Board will take further action.

Timetable:

Action	Date	FR Cite
Board requested comment	12/21/00	65 FR 80384
Further Board action by	07/00/02	

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-AC82**3905. REGULATION: DD — TRUTH IN SAVINGS (DOCKET NUMBER: R-1044)****Priority:** Substantive, Nonsignificant**Legal Authority:** 12 USC 4301 et seq**CFR Citation:** 12 CFR 230**Legal Deadline:** None

Abstract: In March 1998 and September 1999, the Board issued for public comment proposed rules and an interim rule under Regulation DD, which implements the Truth in Savings Act (TISA), to permit the electronic delivery of disclosures, if the consumer agrees (63 FR 14533, March 25, 1998, and 64 FR 49740, September 14, 1999). The interim rule permits the electronic delivery of TISA disclosures provided on periodic statements. The Board also issued similar proposed rules under other consumer financial services laws administered by the Board.

The Electronic Signatures in Global and National Commerce Act (E-Sign Act), which became effective October 1, 2000, generally governs the validity of records and signatures in electronic

form. The E-Sign Act incorporated some elements of the Board's regulatory proposal governing electronic disclosures. Certain provisions in the Board's proposal, however, were modified or preempted by the Act, while other provisions were not addressed by the E-Sign Act but were consistent with that Act and could be issued as final rules.

In March 2001, the Board issued an interim final rule on the electronic delivery of disclosures (66 FR 17795, April 4, 2001). The scheduled mandatory compliance date was later lifted (66 FR 41439, August 8, 2001). Under the interim final rule, consistent with the requirements of the E-Sign Act, depository institutions generally must obtain consumers' affirmative consent to provide disclosures electronically. There are exceptions for disclosures not deemed to relate to "transactions," such as disclosures in advertising. The interim final rule also establishes uniform requirements for the timing and delivery of electronic disclosures. The 1999 interim rule permitting electronic delivery of Regulation DD disclosures on periodic statements was withdrawn under the interim final rule.

The March 2001 rulemaking was published as an interim final rule to allow interested persons to present new information or views not considered in previous rulemakings. The rule 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 will take further action.

Timetable:

Action	Date	FR Cite
Board issued proposed rule	03/25/98	63 FR 14533
Board issued revised proposed rule and interim rule	09/14/99	64 FR 49740
Board issued interim final rule	04/04/01	66 FR 17795
Board lifted mandatory compliance date	08/08/01	66 FR 41439
Further Board action by	05/00/02	

Regulatory Flexibility Analysis**Required:** No**Government Levels Affected:** None**Agency Contact:** Jane Ahrens, Senior Counsel, Federal Reserve System, Division of Consumer and Community Affairs

Phone: 202 452-2412

RIN: 7100-AC34**3906. MISC. INTERPRETATIONS: APPLICATION OF SECTIONS 23A AND 23B OF THE FEDERAL RESERVE ACT TO DERIVATIVE TRANSACTIONS WITH AFFILIATES AND INTRADAY EXTENSIONS OF CREDIT TO AFFILIATES (DOCKET NUMBER: R-1104)****Priority:** Substantive, Nonsignificant**Legal Authority:** 12 USC 371c(f); 12 USC 371c-1(e)**CFR Citation:** 12 CFR 250.247**Legal Deadline:** None

Abstract: The Gramm-Leach-Bliley Act (GLB Act) required the Board to adopt, by May 12, 2001, final rules under section 23A to address credit exposures arising out of derivative transactions between insured depository institutions and their affiliates and intraday extensions of credit by insured depository institutions to their affiliates as covered transactions. In May 2001, the Board adopted interim final rules pursuant to the amendments to section 23A contained in the GLB Act and requested public comment on the rules (66 FR 24229, May 11, 2001).

The interim rule requires that an institution establish and maintain policies and procedures reasonably designed to manage the credit exposure arising from the institution's derivative transactions with affiliates and clarifies that institution-affiliate derivative transactions are subject to the market terms requirement of section 23B. The policies and procedures must at a minimum provide for monitoring and controlling the credit exposure arising from the institution's derivative transactions with each affiliate and all affiliates in the aggregate, and ensure that the institution's derivative transactions with affiliates comply with section 23B. The intraday credit rule also requires insured depository institutions to have policies and procedures in place and clarifies that the transactions are subject to section 23B.

Although the proposal is not expected to have a significant economic impact on small institutions, the Board has specifically requested comment on the likely burden the rule will impose. Following review of the public comments, the Board will take further

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action on this matter in connection with its review of the proposed Regulation W (Docket Number: R-1103; RIN 7100-AC63).

Timetable:

Action	Date	FR Cite
Board requested comment	05/11/01	66 FR 24229
Further Board action by	06/00/02	

Regulatory Flexibility Analysis Required: Yes

Small Entities Affected: Businesses

Government Levels Affected: None

Agency Contact: Mark E. Van Der Weide, Counsel, Federal Reserve System, Legal Division
Phone: 202 452-2263

RIN: 7100-AC85

Federal Reserve System (FRS)

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3907. 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-1085)

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: In December 2000, the Board issued for public comment proposed amendments to the Board's regulatory capital guidelines for banks and bank holding companies that would apply a 20 percent risk weight to claims on, and claims guaranteed by, qualifying securities firms (65 FR 76180, December 6, 2000). The proposed rule is consistent with an amendment to the Basel Accord adopted by the Basel Committee on Banking Supervision in April 1998. It would reduce the risk weight from 100 percent to 20 percent applied to claims on, and claims guaranteed by, certain securities firms incorporated in countries that are members of the Organization for Economic Cooperation and Development, subject to certain prudential requirements. It is not anticipated that the proposal will have a significant economic impact on a substantial number of small institutions.

In February 2002, following review of the public comments, the Board adopted the rule with revisions (67 FR 16971, April 9, 2002). The final rule also gives a 20 percent risk weight to

certain collateralized claims (i.e., repurchase/reverse repurchase agreements and securities borrowing/lending transactions) on qualifying securities firms if the claims satisfy designated prudential criteria.

Timetable:

Action	Date	FR Cite
Board requested public comment	12/06/00	65 FR 76180
Board adopted proposal	04/09/02	67 FR 16971

Regulatory Flexibility Analysis Required: No

Government Levels Affected: None

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

RIN: 7100-AC76

3908. 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 issued 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. It is not expected that the proposals will have a significant economic impact on small institutions.

In November 2001, following review of the public comments, the Board and the other agencies adopted the proposed treatment for recourse and direct credit substitutes substantially as proposed in March 2000, except that the managed asset capital charge was not included in the final rule (66 FR 59614, November 29, 2001). Thus, banks and bank holding companies will be able to use the external credit ratings from nationally recognized statistical rating organizations to determine the capital treatment for recourse obligations, direct credit substitutes, and asset- and mortgage-backed securities. The Board also adopted final amendments to Regulations H and Y to revise its risk-based and leverage capital guidelines to address the treatment of residual interests for all state member banks and bank holding companies (Docket Number: R-1080; RIN 7100-AC77). The final rule combined the capital treatment for residual interests into a single final rule on the Capital Treatment of Recourse,

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Direct Credit Substitutes and Residual Interests in Asset Securitizations.

Timetable:

Action	Date	FR Cite
Board requested comment	11/05/97	62 FR 59944
Board requested additional comment	03/08/00	65 FR 12320
Board adopted proposals	11/29/01	66 FR 59614

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

3909. 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-1097)

Priority: Substantive, Nonsignificant

Legal Authority: 12 USC 1844(b); 12 USC 329; 12 USC 1843(k)(7); 12 USC 3906 to 3909

CFR Citation: 12 CFR 225

Legal Deadline: None

Abstract: In January 2002, following review of the public comments, the Board, jointly with the Comptroller of the Currency and the Federal Deposit Insurance Corporation, adopted a final rule governing the regulatory capital treatment of equity investments in nonfinancial companies. The amendments apply symmetrically to bank holding companies and banks, and apply to equity investments in nonfinancial companies made under the merchant banking authority of the Gramm-Leach-Bliley Act, section 4(c)(6) or 4(c)(7) of the Bank Holding Company Act, section 211.8(c)(3) of the Board's Regulation K, section 302(b) of the Small Business Investment Act of 1958, or section 24 of the Federal Deposit Insurance Act (other than section 24(f)) (67 FR 3784, January 25, 2002). The final rule applies to a series of marginal capital charges on covered equity investments that increase with the level of a banking organization's overall exposure to equity investments relative

to the organization's Tier 1 capital. The new marginal charges do not apply to covered investments made prior to March 13, 2000. The new charges also do not apply to investments made in or through small business investment companies to the extent such investments, in the aggregate, represent less than 15 percent of the banking organization's Tier 1 capital.

The final rule is substantially similar to the proposal issued in February 2001 (66 FR 10212, February 14, 2001). For the reasons discussed in the final rule, the Board does not believe the final rule will have a significant economic impact on small entities.

Timetable:

Action	Date	FR Cite
Board requested comment on proposed rules	03/28/00	65 FR 16460
Board requested comment on new capital proposal	02/14/01	66 FR 10212
Board adopted proposal	01/25/02	67 FR 3784

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

3910. 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-1080)

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: In September 2000, the Board issued 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 (65 FR 57993, September 27, 2000). The proposal would better align the capital requirements with the risks associated with such assets. It is not expected that the amendments will have a significant economic impact on a substantial number of small institutions.

In November 2001, following review of the public comments, the Board adopted the proposed amendments to its risk-based and leverage capital guidelines to address the treatment of residual interests for all state member banks and bank holding companies (66 FR 59614, November 29, 2001). The final rule combined the capital treatment for residual interests into a single final rule on the Capital Treatment of Recourse, Direct Credit Substitutes and Residual Interests in Asset Securitizations (Docket Number: R-1055; RIN 7100-AB77). The amendments were adopted substantially as proposed, except that the Tier 1 concentration limit in the final rule is imposed on a subset of residual interests. The final rule also limits the inclusion of interest-only strips that serve in a credit-enhancing capacity, whether retained or purchased. Any amounts of such credit-enhancing interest-only strips that exceed the 25 percent of the Tier 1 capital limitation must be deducted from the bank or bank holding company's Tier 1 capital.

Timetable:

Action	Date	FR Cite
Board requested comment	09/27/00	65 FR 57993
Board adopted proposal	11/29/01	66 FR 59614

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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Completed Actions

3911. 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-1084)

Priority: Substantive, Nonsignificant

Legal Authority: 12 USC 24; 12 USC 36; 12 USC 92(a); 12 USC 93(a); 12 USC 248(a); 12 USC 248(c); 12 USC 321 to 338a; 12 USC 371d; 12 USC 461; 12 USC 481 to 486; 12 USC 601; 12 USC 611; 12 USC 1814; 12 USC 1816; 12 USC 1818; ...

CFR Citation: 12 CFR 208; 12 CFR 225

Legal Deadline: None

Abstract: In November 2000, the Board issued for public comment an advance notice of proposed rulemaking on the possible development of a simplified capital framework for non-complex banking organizations (65 FR 66193, November 3, 2000). The options outlined in the proposal include a simplified risk-based framework, a leverage ratio-only approach, or a modified leverage ratio approach. Such a framework could relieve the regulatory burden associated with the existing capital rules for many non-complex domestic banking institutions. The main objective of this proposal was to obtain preliminary views from the industry and the public regarding such a framework. Further Board action on this proposal is not expected.

Timetable:

Action	Date	FR Cite
Board requested comment	11/03/00	65 FR 66193
Further Board action not expected	02/28/02	

Regulatory Flexibility Analysis

Required: No

Government Levels Affected: None

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

RIN: 7100-AC80

3912. REGULATION: K — INTERNATIONAL BANKING OPERATIONS (DOCKET NUMBER: R-0994)

Priority: Substantive, Nonsignificant

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). In October 2001, following review of the public comments, the Board adopted final revisions to Regulation K (66 FR 54345, October 26, 2001). In acting on the proposals, the Board took into account changes to the statutory framework governing banks and bank holding companies enacted in 1999 in the Gramm-Leach-Bliley Act (GLB Act). The final rule is not expected to have a significant economic impact on a substantial number of small entities.

Subpart A of Regulation K governs the foreign investments and activities of member banks, bank holding companies and Edge corporations. As adopted, the final rule streamlined foreign branching procedures and expanded the range of permissible activities for branches. The final rule also adopted, in part, the proposed liberalization of equity underwriting and dealing operations, and the general consent authority for bank holding companies was substantially increased. In light of enactment of the GLB Act, which grants financial holding companies merchant banking authority, the final rule did not include significant expansion of the ability to make venture capital investments outside of the United States under Regulation K.

Subpart B of Regulation K governs U.S. activities of foreign banking organizations. The final rule adopted the proposals to streamline certain

application procedures applicable to foreign banks seeking to expand their operations in the United States and to implement interstate banking legislation. The Board adopted, in part, the proposed changes to the provisions regarding the qualifications of foreign banking organizations for certain exemptions in the Bank Holding Company Act. The Board also amended Regulation K to implement provisions of the GLB Act regarding representative offices and upgrading interstate agencies to branches. The final rule also incorporates a number of technical and clarifying amendments to Subparts A and B.

Subpart C governs export trading companies. The amendments to Subpart C streamlining the notice process for investment in export trading companies were adopted as proposed. The Board also proposed for public comment technical changes to Subpart D, International Lending Supervision (Docket Number: R-1114; 66 FR 54399, October 26, 2001)

Timetable:

Action	Date	FR Cite
Board requested comment	12/31/97	62 FR 68424
Board adopted proposals	10/26/01	66 FR 54346

Regulatory Flexibility Analysis

Required: No

Government Levels Affected: None

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

RIN: 7100-AC47

3913. REGULATION: Z — TRUTH IN LENDING (DOCKET NUMBER: R-1090)

Priority: Substantive, Nonsignificant

Legal Authority: 15 USC 1601 et seq

CFR Citation: 12 CFR 226

Legal Deadline: None

Abstract: In December 2000, the Board issued for public comment proposed amendments to the provisions of Regulation Z that implement the Home Ownership and Equity Protection Act (HOEPA) (65 FR 81438, December 26, 2000). HOEPA was enacted in response to evidence of abusive lending practices in the home-equity lending market. In December 2001, following review of the public comments, the Board adopted

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Completed Actions

final amendments that are expected to benefit the public by furthering HOEPA's protections against abusive lending practices (66 FR 65604, December 20, 2001). The amendments (1) broaden the scope of mortgage loans subject to HOEPA; (2) prohibit certain acts and practices in connection with home-secured loans, including rules to restrict creditors from engaging in repeated refinancings of their own HOEPA loans over a short period of time; (3) strengthen HOEPA's prohibition against extending credit without regard to consumers' repayment ability; and (4) enhance

disclosures for HOEPA-covered loans that consumers receive before closing. Based on available data at the time the amendments were adopted, the Board was unable to determine whether the final rule will have a significant impact on a substantial number of small entities.

Timetable:

Action	Date	FR Cite
Board requested comment	12/26/00	65 FR 81438
Board adopted proposal	12/20/01	66 FR 65604

Regulatory Flexibility Analysis**Required:** Yes**Small Entities Affected:** Businesses**Government Levels Affected:** None**Agency Contact:** Jane Ahrens, Senior Counsel, Federal Reserve System, Division of Consumer and Community Affairs

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RIN: 7100-AC83

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