

Contents

Monetary Policy and Economic Developments

- 3 MONETARY POLICY AND THE ECONOMY IN 2000
- 7 ECONOMIC AND FINANCIAL DEVELOPMENTS IN 2000
 - 7 The Household Sector
 - 10 The Business Sector
 - 12 The Government Sector
 - 15 The External Sector
 - 16 The Labor Market
 - 18 Prices
 - 20 U.S. Financial Markets
 - 25 Debt and the Monetary Aggregates
 - 27 International Developments
 - 32 Foreign Exchange Operations
- 33 MONETARY POLICY REPORTS TO THE CONGRESS
 - 33 Report of February 17, 2000
 - 60 Report of July 20, 2000

Federal Reserve Operations

- 91 CONSUMER AND COMMUNITY AFFAIRS
 - 91 Regulatory Matters
 - 96 Consumer Advisory Council
 - 97 Applications
 - 98 Fair Lending
 - 98 HMDA Data and Mortgage Lending Patterns
 - 100 Consumer Policies
 - 101 Community Affairs
 - 102 Economic Effects of the Electronic Fund Transfer Act
 - 103 Compliance
 - 104 Community Reinvestment Act
 - 104 Agency Reports on Compliance with Consumer Regulations
 - 108 Consumer Complaints

- 113 **BANKING SUPERVISION AND REGULATION**
- 114 Scope of Responsibilities for Supervision and Regulation
- 115 Supervision for Safety and Soundness
- 124 Supervisory Policy
- 132 Supervisory Information Technology
- 132 Staff Training
- 135 Regulation of the U.S. Banking Structure
- 139 Enforcement of Other Laws and Regulations
- 142 Federal Reserve Membership

- 143 **FEDERAL RESERVE BANKS**
- 143 Check Modernization Project
- 145 Developments in Federal Reserve Priced Services
- 150 Developments in Currency and Coin
- 150 Developments in Fiscal Agency and Government Depository Services
- 155 Information Technology
- 156 Financial Examinations of Federal Reserve Banks
- 157 Income and Expenses
- 158 Holdings of Securities and Loans
- 159 Volume of Operations
- 159 Federal Reserve Bank Premises
- 160 Pro Forma Financial Statements for Federal Reserve Priced Services

- 165 **THE BOARD OF GOVERNORS AND THE GOVERNMENT PERFORMANCE AND RESULTS ACT**
- 165 Strategic and Performance Plans
- 165 Mission
- 165 Goals and Objectives
- 167 Interagency Coordination

- 169 **FEDERAL LEGISLATIVE DEVELOPMENTS**
- 169 American Homeownership and Economic Opportunity Act of 2000
- 169 Commodity Futures Modernization Act of 2000
- 169 Electronic Signatures in Global and National Commerce Act

- 171 REGULATORY SIMPLIFICATION
- 171 Revisions Proposed to Regulation C
- 172 Simplified Capital Framework for Non-Complex Institutions

Records

- 175 RECORD OF POLICY ACTIONS OF THE BOARD OF GOVERNORS
- 175 Regulation D (Reserve Requirements of Depository Institutions)
- 176 Regulation G (Disclosure and Reporting of CRA-Related Agreements)
- 176 Regulation H (Membership of State Banking Institutions in the Federal Reserve System)
- 178 Regulation H and Regulation Y (Bank Holding Companies and Change in Bank Control)
- 178 Regulation P (Privacy of Consumer Financial Information)
- 179 Regulation Y
- 183 Regulation Z (Truth in Lending)
- 183 Rules of Practice for Hearings
- 183 Policy Statements and Other Actions
- 184 Discount Rates in 2000

- 189 MINUTES OF FEDERAL OPEN MARKET COMMITTEE MEETINGS
- 189 Authorization for Domestic Open Market Operations
- 191 Domestic Policy Directive
- 191 Authorization for Foreign Currency Operations
- 193 Foreign Currency Directive
- 193 Procedural Instructions with Respect to Foreign Currency Operations
- 194 Meeting Held on February 1–2, 2000
- 209 Meeting Held on March 21, 2000
- 218 Meeting Held on May 16, 2000
- 225 Meeting Held on June 27–28, 2000
- 234 Meeting Held on August 22, 2000
- 242 Meeting Held on October 3, 2000
- 249 Meeting Held on November 15, 2000
- 257 Meeting Held on December 19, 2000

- 269 LITIGATION
- 269 Judicial Review of Board Orders under the Bank Holding Company Act
- 269 Litigation under the Financial Institutions Supervisory Act
- 269 Other Actions

Federal Reserve System Organization

- 275 BOARD OF GOVERNORS OF THE FEDERAL RESERVE SYSTEM
- 277 FEDERAL OPEN MARKET COMMITTEE
- 278 ADVISORY COUNCILS TO THE BOARD OF GOVERNORS
 - 278 Federal Advisory Council
 - 279 Consumer Advisory Council
 - 280 Thrift Institutions Advisory Council
- 281 FEDERAL RESERVE BANKS
 - 281 Officers of Federal Reserve Banks and Branches
 - 283 Conference of Chairmen
 - 283 Conference of Presidents
 - 283 Conference of First Vice Presidents
 - 283 Directors
- 304 HISTORICAL RECORDS: MEMBERSHIP OF THE BOARD OF GOVERNORS, 1913–2000

Financial Statements and Statistical Tables

- 309 BOARD OF GOVERNORS FINANCIAL STATEMENTS
- 319 FEDERAL RESERVE BANKS COMBINED FINANCIAL STATEMENTS
- 331 STATISTICAL TABLES
 - 332 1. Statement of Condition of the Federal Reserve Banks, by Bank, December 31, 2000 and 1999
 - 336 2. Federal Reserve Open Market Transactions, 2000

STATISTICAL TABLES—Continued

- 340 3. Federal Reserve Bank Holdings of U.S. Treasury and Federal Agency Securities, December 31, 1998–2000
- 341 4. Number and Annual Salaries of Officers and Employees of the Federal Reserve Banks, December 31, 2000
- 342 5. Income and Expenses of the Federal Reserve Banks, by Bank, 2000
- 346 6. Income and Expenses of the Federal Reserve Banks, 1914–2000
- 350 7. Acquisition Costs and Net Book Value of Premises of the Federal Reserve Banks and Branches, December 31, 2000
- 351 8. Operations in Principal Departments of the Federal Reserve Banks, 1997–2000
- 352 9. Federal Reserve Bank Interest Rates on Loans to Depository Institutions, December 31, 2000
- 353 10. Reserve Requirements of Depository Institutions, December 31, 2000
- 354 11. Initial Margin Requirements under Regulations T, U, and X
- 355 12. Principal Assets and Liabilities and Number of Insured Commercial Banks in the United States, by Class of Bank, June 30, 2000 and 1999
- 356 13. Reserves of Depository Institutions, Federal Reserve Bank Credit, and Related Items—Year-End 1918–2000 and Month-End 2000
- 362 14. Banking Offices and Banks Affiliated with Bank Holding Companies in the United States, December 31, 1999 and 2000

- 363 MAPS OF THE FEDERAL RESERVE SYSTEM

- 367 INDEX

Contents

Monetary Policy and Economic Developments

- 3 MONETARY POLICY AND THE ECONOMIC OUTLOOK
- 7 Monetary Policy, Financial Markets, and the Economy over 2001 and Early 2002
- 9 Economic Projections for 2002

- 11 ECONOMIC AND FINANCIAL DEVELOPMENTS IN 2001 AND EARLY 2002
- 12 The Household Sector
- 14 The Business Sector
- 20 The Government Sector
- 22 The External Sector
- 25 The Labor Market
- 27 Prices
- 29 U.S. Financial Markets
- 35 International Developments

- 41 MONETARY POLICY REPORTS TO THE CONGRESS
- 41 Report of February 13, 2001
- 71 Report of July 18, 2001

- 99 DOMESTIC OPEN MARKET OPERATIONS DURING 2001
- 99 Implementation of Monetary Policy in 2001
- 101 Banks' Demand for Fed Balances
- 103 Autonomous Factors Affecting the Supply of Fed Balances
- 105 Domestic Financial Assets on the Federal Reserve Balance Sheet
and Open Market Operations
- 111 The Federal Funds Rate and Discount Window Credit
- 113 The Conduct of Monetary Operations after September 11

Federal Reserve Operations

- 121 CONSUMER AND COMMUNITY AFFAIRS
- 121 Curbing Abusive Lending
- 122 Fostering Research
- 122 Preparing for the Community Reinvestment Act Review
- 123 Expanding Access to Consumer Information
- 126 Regulatory Matters

CONSUMER AND COMMUNITY AFFAIRS—Continued

- 126 CRA Bank Examinations and Activities
- 128 Community Affairs
- 129 Consumer Advisory Council
- 131 HMDA Data and Mortgage Lending Patterns
- 132 Economic Effects of the Electronic Fund Transfer Act
- 133 Compliance Activities
- 134 Agency Reports on Compliance with Consumer Protection Laws and Regulations
- 137 Consumer Complaints

141 BANKING SUPERVISION AND REGULATION

- 142 Scope of Responsibilities for Supervision and Regulation
- 143 Supervision for Safety and Soundness
- 151 Supervisory Policy
- 162 Supervisory Information Technology
- 163 Staff Training
- 165 Regulation of the U.S. Banking Structure
- 169 Enforcement of Other Laws and Regulations
- 172 Federal Reserve Membership

173 FEDERAL RESERVE BANKS

- 173 Major Initiatives
- 173 Developments in Federal Reserve Priced Services
- 179 Developments in Currency and Coin
- 180 Developments in Fiscal Agency and Government Depository Services
- 182 Information Technology
- 182 Examinations of Federal Reserve Banks
- 183 Income and Expenses
- 184 Holdings of Securities and Loans
- 184 Volume of Operations
- 184 Federal Reserve Bank Premises
- 186 Pro Forma Financial Statements for Federal Reserve Priced Services

191 THE BOARD OF GOVERNORS AND THE GOVERNMENT PERFORMANCE AND RESULTS ACT

- 191 Strategic and Performance Plans
- 191 Mission
- 191 Goals and Objectives
- 192 Interagency Coordination

195 FEDERAL LEGISLATIVE DEVELOPMENTS

195 USA PATRIOT Act

196 Proposed Check Truncation Act

Records

199 RECORD OF POLICY ACTIONS OF THE BOARD OF GOVERNORS

199 Regulation B (Equal Credit Opportunity), Regulation E (Electronic Fund Transfers), Regulation M (Consumer Leasing), Regulation Z (Truth in Lending), and Regulation DD (Truth in Savings)

199 Regulation D (Reserve Requirements of Depository Institutions)

200 Regulation E

201 Regulation H (Membership of State Banking Institutions in the Federal Reserve System)

202 Regulation H and Regulation Y (Bank Holding Companies and Change in Bank Control)

203 Regulation K (International Banking Operations) and Rules Regarding Delegation of Authority

204 Regulation Y

205 Regulation Z

205 Miscellaneous Interpretations

206 Rules Regarding Equal Opportunity

207 Policy Statements and Other Actions

208 Discount Rates in 2001

215 MINUTES OF FEDERAL OPEN MARKET COMMITTEE MEETINGS

215 Authorization for Domestic Open Market Operations

217 Guidelines for the Conduct of System Open Market Operations in Federal Agency Issues

217 Domestic Policy Directive

217 Authorization for Foreign Currency Operations

219 Foreign Currency Directive

219 Procedural Instructions with Respect to Foreign Currency Operations

MINUTES OF FEDERAL OPEN MARKET COMMITTEE MEETINGS—Continued

- 220 Meeting Held on January 30–31, 2001
- 236 Meeting Held on March 20, 2001
- 246 Meeting Held on May 15, 2001
- 255 Meeting Held on June 26–27, 2001
- 264 Meeting Held on August 21, 2001
- 273 Meeting Held on October 2, 2001
- 282 Meeting Held on November 6, 2001
- 290 Meeting Held on December 11, 2001

301 LITIGATION

- 301 Judicial Review of Board Orders under the Bank Holding Company Act
- 301 Litigation under the Financial Institutions Supervisory Act
- 301 Litigation under the Gramm–Leach–Bliley Act
- 301 Other Actions

Federal Reserve System Organization

305 BOARD OF GOVERNORS

307 FEDERAL OPEN MARKET COMMITTEE

308 ADVISORY COUNCILS TO THE BOARD OF GOVERNORS

- 308 Federal Advisory Council
- 309 Consumer Advisory Council
- 310 Thrift Institutions Advisory Council

311 FEDERAL RESERVE BANKS

- 311 Officers of Federal Reserve Banks and Branches
- 313 Conference of Chairmen
- 313 Conference of Presidents
- 313 Conference of First Vice Presidents
- 313 Directors of the Banks and Branches

334 HISTORICAL RECORDS: MEMBERSHIP OF THE BOARD OF GOVERNORS,
1913–2001

Statistical Tables

- 338 1. Statement of Condition of the Federal Reserve Banks, by Bank,
December 31, 2001 and 2000
- 342 2. Federal Reserve Open Market Transactions, 2001
- 346 3. Federal Reserve Bank Holdings of U.S. Treasury and Federal Agency Securities,
December 31, 1999–2001
- 347 4. Number and Annual Salaries of Officers and Employees of the Federal Reserve
Banks, December 31, 2001
- 348 5. Income and Expenses of the Federal Reserve Banks, by Bank, 2001
- 352 6. Income and Expenses of the Federal Reserve Banks, 1914–2001
- 356 7. Acquisition Costs and Net Book Value of Premises of the Federal Reserve
Banks and Branches, December 31, 2001
- 357 8. Operations in Principal Departments of the Federal Reserve Banks, 1998–2001
- 358 9. Federal Reserve Bank Interest Rates on Loans to Depository Institutions,
December 31, 2001
- 359 10. Reserve Requirements of Depository Institutions, December 31, 2001
- 360 11. Initial Margin Requirements under Regulations T, U, and X
- 361 12. Principal Assets and Liabilities and Number of Insured Commercial Banks
in the United States, by Class of Bank, June 30, 2001 and 2000
- 362 13. Reserves of Depository Institutions, Federal Reserve Bank Credit,
and Related Items, Year-End 1918–2001 and Month-End 2001
- 368 14. Banking Offices and Banks Affiliated with Bank Holding Companies
in the United States, December 31, 2000 and 2001

Financial Statements

- 371 BOARD OF GOVERNORS FINANCIAL STATEMENTS
- 381 FEDERAL RESERVE BANKS COMBINED FINANCIAL STATEMENTS
- 393 MAPS OF THE FEDERAL RESERVE SYSTEM
- 397 INDEX

Contents

Monetary Policy and Economic Developments

- 3 MONETARY POLICY AND THE ECONOMIC OUTLOOK
- 4 Monetary Policy, Financial Markets, and the Economy over 2002 and Early 2003
- 8 Economic Projections for 2003

- 11 ECONOMIC AND FINANCIAL DEVELOPMENTS IN 2002 AND EARLY 2003
- 12 The Household Sector
- 14 The Business Sector
- 20 The Government Sector
- 21 The External Sector
- 23 The Labor Market
- 25 Prices
- 27 U.S. Financial Markets
- 34 International Developments

- 41 MONETARY POLICY REPORT OF JULY 2002
- 41 Monetary Policy and the Economic Outlook
- 45 Economic and Financial Developments in 2002

Federal Reserve Operations

- 69 CONSUMER AND COMMUNITY AFFAIRS
- 69 Supervision for Compliance with Consumer Protection and
Community Reinvestment Laws
- 79 Implementation of Statutes Designed to Inform and Protect Consumers
- 82 Consumer Complaints
- 84 Advice from the Consumer Advisory Council
- 86 Promotion of Community Development in Historically Underserved Markets

- 93 BANKING SUPERVISION AND REGULATION
- 94 Scope of Responsibilities for Supervision and Regulation
- 95 Supervision for Safety and Soundness
- 105 Supervisory Policy
- 114 Supervisory Information Technology
- 115 Staff Development
- 115 Regulation of the U.S. Banking Structure
- 121 Enforcement of Other Laws and Regulations
- 123 Federal Reserve Membership

- 125 FEDERAL RESERVE BANKS
- 125 Major Initiatives
- 126 Developments in Federal Reserve Priced Services
- 131 Developments in Currency and Coin
- 131 Developments in Fiscal Agency and Government Depository Services
- 134 Electronic Access
- 134 Information Technology
- 134 Examinations of the Federal Reserve Banks
- 135 Income and Expenses
- 136 Holdings of Securities and Loans
- 136 Volume of Operations
- 136 Federal Reserve Bank Premises
- 138 Pro Forma Financial Statements for Federal Reserve Priced Services

- 143 THE BOARD OF GOVERNORS AND THE GOVERNMENT PERFORMANCE AND RESULTS ACT
- 143 Strategic and Performance Plans and Performance Report
- 143 Mission
- 143 Goals and Objectives
- 144 Interagency Coordination

- 147 FEDERAL LEGISLATIVE DEVELOPMENTS

Records

- 151 RECORD OF POLICY ACTIONS OF THE BOARD OF GOVERNORS
- 151 Regulation A (Extensions of Credit by Federal Reserve Banks) and Regulation D (Reserve Requirements of Depository Institutions)
- 151 Regulation C (Home Mortgage Disclosure)
- 153 Regulation D
- 154 Regulation H (Membership of State Banking Institutions in the Federal Reserve System)
- 154 Regulation H and Regulation Y (Bank Holding Companies and Change in Bank Control)
- 155 Regulation K (International Banking Operations)
- 155 Regulation W (Transactions between Member Banks and Their Affiliates)
- 156 Policy Statements and Other Actions
- 157 Discount Rates in 2002

- 161 MINUTES OF FEDERAL OPEN MARKET COMMITTEE MEETINGS
- 161 Authorization for Domestic Open Market Operations
- 163 Guidelines for the Conduct of System Open Market Operations
in Federal Agency Issues
- 163 Domestic Policy Directive
- 163 Authorization for Foreign Currency Operations
- 165 Foreign Currency Directive
- 165 Procedural Instructions with Respect to Foreign Currency Operations
- 166 Meeting Held on January 29–30, 2002
- 180 Meeting Held on March 19, 2002
- 189 Meeting Held on May 7, 2002
- 197 Meeting Held on June 25–26, 2002
- 205 Meeting Held on August 13, 2002
- 213 Meeting Held on September 24, 2002
- 220 Meeting Held on November 6, 2002
- 229 Meeting Held on December 10, 2002

- 237 LITIGATION
- 237 Litigation under the Gramm–Leach–Bliley Act
- 237 Other Actions

Federal Reserve System Organization

- 241 BOARD OF GOVERNORS

- 244 FEDERAL OPEN MARKET COMMITTEE

- 245 ADVISORY COUNCILS TO THE BOARD OF GOVERNORS
- 245 Federal Advisory Council
- 246 Consumer Advisory Council
- 247 Thrift Institutions Advisory Council

- 248 FEDERAL RESERVE BANKS AND BRANCHES
- 248 Officers of the Banks and Branches
- 249 Conference of Chairmen
- 249 Conference of Presidents
- 250 Conference of First Vice Presidents
- 250 Directors of the Banks and Branches

- 267 HISTORICAL RECORDS: MEMBERS OF THE BOARD OF GOVERNORS,
1913–2002

Statistical Tables

- 272 1. Statement of Condition of the Federal Reserve Banks, by Bank,
December 31, 2002 and 2001
- 276 2. Federal Reserve Open Market Transactions, 2002
- 280 3. Federal Reserve Bank Holdings of U.S. Treasury and Federal Agency Securities,
December 31, 2000–02
- 281 4. Number and Annual Salaries of Officers and Employees of the Federal Reserve
Banks, December 31, 2002
- 282 5. Income and Expenses of the Federal Reserve Banks, by Bank, 2002
- 286 6. Income and Expenses of the Federal Reserve Banks, 1914–2002
- 290 7. Acquisition Costs and Net Book Value of Premises of the Federal Reserve
Banks and Branches, December 31, 2002
- 291 8. Operations in Principal Departments of the Federal Reserve Banks, 1999–2002
- 292 9. Federal Reserve Bank Interest Rates on Loans to Depository Institutions,
December 31, 2002
- 293 10. Reserve Requirements of Depository Institutions, December 31, 2002
- 294 11. Initial Margin Requirements under Regulations T, U, and X
- 295 12. Principal Assets and Liabilities and Number of Insured Commercial Banks
in the United States, by Class of Bank, June 30, 2002 and 2001
- 296 13. Reserves of Depository Institutions, Federal Reserve Bank Credit,
and Related Items, Year-End 1918–2002 and Month-End 2002
- 302 14. Banking Offices and Banks Affiliated with Bank Holding Companies
in the United States, December 31, 2001 and 2002

Federal Reserve System Audits

- 305 AUDITS OF THE FEDERAL RESERVE SYSTEM
- 307 BOARD OF GOVERNORS FINANCIAL STATEMENTS
- 317 FEDERAL RESERVE BANKS COMBINED FINANCIAL STATEMENTS
- 328 OFFICE OF INSPECTOR GENERAL ACTIVITIES
- 329 GENERAL ACCOUNTING OFFICE REVIEWS
- 331 MAPS OF THE FEDERAL RESERVE SYSTEM
- 335 INDEX

Contents

Monetary Policy and Economic Developments

- 3 MONETARY POLICY AND THE ECONOMIC OUTLOOK
- 4 Monetary Policy, Financial Markets, and the Economy over 2003 and Early 2004
- 7 Economic Projections for 2004

- 9 ECONOMIC AND FINANCIAL DEVELOPMENTS IN 2003 AND EARLY 2004
- 10 The Household Sector
- 12 The Business Sector
- 16 The Government Sector
- 18 The External Sector
- 20 The Labor Market
- 22 Prices
- 24 U.S. Financial Markets
- 28 International Developments

- 33 MONETARY POLICY REPORT OF JULY 2003
- 33 Monetary Policy and the Economic Outlook
- 37 Economic and Financial Developments in 2003

Federal Reserve Operations

- 61 CONSUMER AND COMMUNITY AFFAIRS
- 61 Supervision for Compliance with Consumer Protection and
Community Reinvestment Laws
- 71 Implementation of Statutes Designed to Inform and Protect Consumers
- 73 Consumer Complaints
- 76 Advice from the Consumer Advisory Council
- 78 Promotion of Community Economic Development in Historically
Underserved Markets
- 82 Outreach Activities

- 83 BANKING SUPERVISION AND REGULATION
- 84 Scope of Responsibilities for Supervision and Regulation
- 85 Supervision for Safety and Soundness
- 94 Supervisory Policy
- 104 Supervisory Information Technology
- 105 Staff Development
- 106 Regulation of the U.S. Banking Structure
- 111 Enforcement of Other Laws and Regulations
- 113 Federal Reserve Membership

-
- 115 FEDERAL RESERVE BANKS
 - 115 Major Initiatives
 - 116 Developments in Federal Reserve Priced Services
 - 120 Developments in Currency and Coin
 - 121 Developments in Fiscal Agency and Government Depository Services
 - 124 Electronic Access
 - 124 Information Technology
 - 124 Examinations of the Federal Reserve Banks
 - 125 Income and Expenses
 - 126 Holdings of Securities and Loans
 - 127 Volume of Operations
 - 127 Federal Reserve Bank Branches
 - 127 Federal Reserve Bank Premises
 - 129 Pro Forma Financial Statements for Federal Reserve Priced Services

 - 133 THE BOARD OF GOVERNORS AND THE GOVERNMENT PERFORMANCE AND RESULTS ACT
 - 133 Strategic Plan, Performance Budget, and Performance Report
 - 133 Mission
 - 133 Goals and Objectives
 - 135 Interagency Coordination

 - 137 FEDERAL LEGISLATIVE DEVELOPMENTS
 - 137 Check 21 Act
 - 137 FACT Act

Records

- 143 RECORD OF POLICY ACTIONS OF THE BOARD OF GOVERNORS
- 143 Regulation B (Equal Credit Opportunity)
- 143 Regulation D (Reserve Requirements of Depository Institutions)
- 143 Regulation H (Membership of State Banking Institutions in the Federal Reserve System)
- 144 Regulation H and Regulation K (International Banking Operations)
- 144 Regulation H and Regulation Y (Bank Holding Companies and Change in Bank Control)
- 144 Regulation K
- 145 Regulation V (Fair Credit Reporting)
- 145 Regulation Y
- 145 Rules of Organization
- 146 Rules of Practice for Hearings
- 146 Rules Regarding Equal Opportunity
- 146 Policy Statements and Other Actions
- 147 Discount Rates in 2003

151 MINUTES OF FEDERAL OPEN MARKET COMMITTEE MEETINGS

151 Authorization for Domestic Open Market Operations

153 Guidelines for the Conduct of System Open Market Operations
in Federal Agency Issues

153 Domestic Policy Directive

153 Authorization for Foreign Currency Operations

155 Foreign Currency Directive

155 Procedural Instructions with Respect to
Foreign Currency Operations

156 Meeting Held on January 28–29, 2003

170 Meeting Held on March 18, 2003

177 Meeting Held on May 6, 2003

184 Meeting Held on June 24–25, 2003

194 Meeting Held on August 12, 2003

201 Meeting Held on September 16, 2003

209 Meeting Held on October 28, 2003

216 Meeting Held on December 9, 2003

225 LITIGATION

225 Litigation under the Financial Institutions Supervisory Act

225 Other Actions

Federal Reserve System Organization

229 BOARD OF GOVERNORS

232 FEDERAL OPEN MARKET COMMITTEE

233 ADVISORY COUNCILS TO THE BOARD OF GOVERNORS

233 Federal Advisory Council

234 Consumer Advisory Council

235 Thrift Institutions Advisory Council

236 FEDERAL RESERVE BANKS AND BRANCHES

236 Officers of the Banks and Branches

237 Conference of Chairmen

237 Conference of Presidents

238 Conference of First Vice Presidents

238 Directors of the Banks and Branches

255 HISTORICAL RECORDS: MEMBERS OF THE BOARD OF GOVERNORS,
1913–2003

Statistical Tables

- 260 1. Statement of Condition of the Federal Reserve Banks, by Bank,
December 31, 2003 and 2002
- 264 2. Federal Reserve Open Market Transactions, 2003
- 268 3. Federal Reserve Bank Holdings of U.S. Treasury and Federal Agency Securities,
December 31, 2001–03
- 269 4. Number and Annual Salaries of Officers and Employees of the Federal Reserve
Banks, December 31, 2003
- 270 5. Income and Expenses of the Federal Reserve Banks, by Bank, 2003
- 274 6. Income and Expenses of the Federal Reserve Banks, 1914–2003
- 278 7. Acquisition Costs and Net Book Value of Premises of the Federal Reserve
Banks and Branches, December 31, 2003
- 279 8. Operations in Principal Departments of the Federal Reserve Banks, 2000–2003
- 280 9. Federal Reserve Bank Interest Rates on Loans to Depository Institutions,
December 31, 2003
- 281 10. Reserve Requirements of Depository Institutions, December 31, 2003
- 282 11. Initial Margin Requirements under Regulations T, U, and X
- 283 12. Principal Assets and Liabilities of Insured Commercial Banks
in the United States, by Class of Bank, June 30, 2003 and 2002
- 284 13. Reserves of Depository Institutions, Federal Reserve Bank Credit,
and Related Items
A. Year-End 1984–2003 and Month-End 2003
B. Year-End 1918–1983
- 292 14. Banking Offices and Banks Affiliated with Bank Holding Companies
in the United States, December 31, 2002 and 2003

Federal Reserve System Audits

- 295 AUDITS OF THE FEDERAL RESERVE SYSTEM
- 297 BOARD OF GOVERNORS FINANCIAL STATEMENTS
- 307 FEDERAL RESERVE BANKS COMBINED FINANCIAL STATEMENTS
- 320 OFFICE OF INSPECTOR GENERAL ACTIVITIES
- 321 GENERAL ACCOUNTING OFFICE REVIEWS
- 323 MAPS OF THE FEDERAL RESERVE SYSTEM
- 327 INDEX

Contents

Monetary Policy and Economic Developments

- 3 MONETARY POLICY AND THE ECONOMIC OUTLOOK
- 4 Monetary Policy, Financial Markets, and the Economy in 2004 and Early 2005
- 7 Economic Projections for 2005 and 2006

- 9 ECONOMIC AND FINANCIAL DEVELOPMENTS IN 2004 AND EARLY 2005
- 10 The Household Sector
- 12 The Business Sector
- 15 The Government Sector
- 18 The External Sector
- 20 The Labor Market
- 21 Prices
- 23 U.S. Financial Markets
- 27 International Developments

- 31 MONETARY POLICY REPORT OF JULY 2004
- 31 Monetary Policy and the Economic Outlook
- 34 Economic and Financial Developments in 2004

Federal Reserve Operations

- 55 CONSUMER AND COMMUNITY AFFAIRS
- 55 Implementation of Statutes Designed to Inform and Protect Consumers
- 62 Supervision for Compliance with Consumer Protection and
Community Reinvestment Laws
- 73 Consumer Complaints
- 75 Advice from the Consumer Advisory Council
- 77 Promotion of Community Economic Development in Historically
Underserved Markets
- 83 Outreach Activities

- 85 BANKING SUPERVISION AND REGULATION
- 87 Scope of Responsibilities for Supervision and Regulation
- 88 Supervision for Safety and Soundness
- 97 Supervisory Policy
- 107 Supervisory Information Technology
- 108 Staff Development
- 110 Regulation of the U.S. Banking Structure

-
- 114 Enforcement of Other Laws and Regulations
 - 115 Federal Reserve Membership
 - 117 **FEDERAL RESERVE BANKS**
 - 117 Major Initiatives
 - 118 Developments in Federal Reserve Priced Services
 - 123 Developments in Currency and Coin
 - 124 Developments in Fiscal Agency and Government Depository Services
 - 127 Electronic Access
 - 127 Information Technology
 - 128 Examinations of the Federal Reserve Banks
 - 129 Income and Expenses
 - 130 Holdings of Securities and Loans
 - 130 Volume of Operations
 - 130 Federal Reserve Bank Premises
 - 132 Pro Forma Financial Statements for Federal Reserve Priced Services
 - 137 **THE BOARD OF GOVERNORS AND THE GOVERNMENT PERFORMANCE AND RESULTS ACT**
 - 137 Strategic Plan, Performance Plan, and Performance Report
 - 137 Mission
 - 137 Goals and Objectives
 - 139 Interagency Coordination
 - 141 **FEDERAL LEGISLATIVE PROPOSALS**
 - 141 Interest on Depository Institution Balances Held at Federal Reserve Banks
 - 141 Interest on Demand Deposits
 - 142 Depository Institution Reserve Requirements
 - 142 Interstate Branching

Records

- 147 **RECORD OF POLICY ACTIONS OF THE BOARD OF GOVERNORS**
- 147 Regulation B (Equal Credit Opportunity), Regulation E (Electronic Fund Transfers), Regulation M (Consumer Leasing), Regulation Z (Truth in Lending), and Regulation DD (Truth in Savings)
- 147 Regulation C (Home Mortgage Disclosure)
- 147 Regulation D (Reserve Requirements of Depository Institutions)
- 148 Regulation H (Membership of State Banking Institutions in the Federal Reserve System) and Regulation Y (Bank Holding Companies and Change in Bank Control)
- 148 Regulation H, Regulation K (International Banking Operations), Regulation V (Fair Credit Reporting), and Regulation Y
- 148 Regulation J (Collection of Checks and Other Items by Federal Reserve Banks and Funds Transfers through Fedwire)

- 148 Regulation V
- 149 Regulation Z
- 149 Regulation BB (Community Reinvestment)
- 150 Regulation CC (Availability of Funds and Collection of Checks)
- 150 Rules of Practice for Hearings
- 150 Policy Statements and Other Actions
- 151 Discount Rates in 2004

- 155 MINUTES OF FEDERAL OPEN MARKET COMMITTEE MEETINGS
- 155 Authorization for Domestic Open Market Operations
- 157 Guidelines for the Conduct of System Open Market Operations
in Federal Agency Issues
- 157 Domestic Policy Directive
- 157 Authorization for Foreign Currency Operations
- 159 Foreign Currency Directive
- 159 Procedural Instructions with Respect to Foreign Currency Operations
- 160 Meeting Held on January 27–28, 2004
- 175 Meeting Held on March 16, 2004
- 183 Meeting Held on May 4, 2004
- 192 Meeting Held on June 29–30, 2004
- 200 Meeting Held on August 10, 2004
- 208 Meeting Held on September 21, 2004
- 215 Meeting Held on November 10, 2004
- 222 Meeting Held on December 14, 2004

- 231 LITIGATION
- 231 Judicial Review of Board Orders under the Bank Holding Company Act
- 231 Litigation under the Financial Institutions Supervisory Act
- 231 Other Actions

Federal Reserve System Organization

- 235 BOARD OF GOVERNORS

- 238 FEDERAL OPEN MARKET COMMITTEE

- 239 ADVISORY COUNCILS TO THE BOARD OF GOVERNORS
- 239 Federal Advisory Council
- 240 Consumer Advisory Council
- 241 Thrift Institutions Advisory Council

- 242 FEDERAL RESERVE BANKS AND BRANCHES
- 242 Officers of the Banks and Branches

- 243 Conference of Chairmen
 243 Conference of Presidents
 244 Conference of First Vice Presidents
 244 Directors of the Banks and Branches
- 261 MEMBERS OF THE BOARD OF GOVERNORS, 1913–2004

Statistical Tables

- 266 1. Statement of Condition of the Federal Reserve Banks, by Bank,
 December 31, 2004 and 2003
- 270 2. Federal Reserve Open Market Transactions, 2004
- 274 3. Federal Reserve Bank Holdings of U.S. Treasury and Federal Agency Securities,
 December 31, 2002–04
- 275 4. Number and Annual Salaries of Officers and Employees of the Federal Reserve
 Banks, December 31, 2004
- 276 5. Income and Expenses of the Federal Reserve Banks, by Bank, 2004
- 280 6. Income and Expenses of the Federal Reserve Banks, 1914–2004
- 284 7. Acquisition Costs and Net Book Value of Premises of the Federal Reserve
 Banks and Branches, December 31, 2004
- 285 8. Operations in Principal Departments of the Federal Reserve Banks, 2001–2004
- 286 9. Federal Reserve Bank Interest Rates on Loans to Depository Institutions,
 December 31, 2004
- 287 10. Reserve Requirements of Depository Institutions, December 31, 2004
- 288 11. Initial Margin Requirements under Regulations T, U, and X
- 289 12. Principal Assets and Liabilities of Insured Commercial Banks
 in the United States, by Class of Bank, June 30, 2004 and 2003
- 290 13. Reserves of Depository Institutions, Federal Reserve Bank Credit,
 and Related Items
 A. Year-End 1984–2004 and Month-End 2004
 B. Year-End 1918–1983
- 298 14. Banking Offices and Banks Affiliated with Bank Holding Companies
 in the United States, December 31, 2003 and 2004

Federal Reserve System Audits

- 301 AUDITS OF THE FEDERAL RESERVE SYSTEM
 303 BOARD OF GOVERNORS FINANCIAL STATEMENTS
 315 FEDERAL RESERVE BANKS COMBINED FINANCIAL STATEMENTS
 329 OFFICE OF INSPECTOR GENERAL ACTIVITIES
 330 GENERAL ACCOUNTING OFFICE REVIEWS
- 331 MAPS OF THE FEDERAL RESERVE SYSTEM
- 337 INDEX