

FEDERAL RESERVE BANK OF DALLAS
DALLAS, TEXAS

September 28, 1966

AMENDMENT TO REGULATION H

**To All Member Banks in the
Eleventh Federal Reserve District:**

The Board of Governors of the Federal Reserve System recently amended Regulation H, effective August 31, 1966, to incorporate into the Regulation the long-standing rules of the Board with respect to waiving reports of affiliates of State member banks.

A copy of the amendment is enclosed. Member banks are requested to insert the amendment in their ring binders containing the Regulations of the Board of Governors and the Bulletins of this Bank.

Yours very truly,

Watrous II. Irons

President

MEMBERSHIP OF STATE BANKING INSTITUTIONS IN THE FEDERAL RESERVE SYSTEM

AMENDMENT TO REGULATION H

ISSUED BY THE BOARD OF GOVERNORS OF THE FEDERAL RESERVE SYSTEM

Effective August 31, 1966, section 208.9 is amended by adding the following paragraph:

SECTION 208.9—PUBLICATION OF REPORTS OF MEMBER BANKS AND THEIR AFFILIATES

(c) **Waiver of reports of affiliates.** (1) Pursuant to section 21 of the Federal Reserve Act (12 U.S.C. 486), the Board of Governors of the Federal Reserve System waives the requirement for the submission of reports of affiliates of State bank members of the Federal Reserve System, except:

(i) When indebtedness, if any, of the affiliate to the member bank has been carried for more than 6 months in the 12 months preceding the report date as an asset on the bank's books at a value in excess of \$5,000 or 1 per cent of the bank's capital and surplus, whichever is the greater, regardless of whether the affiliate is so indebted on the report date: *Provided*, that any indebtedness of the affiliate to the member bank fully secured by direct obligations of the United States Government or by obligations fully guaranteed by the United States Government may be disregarded in determining whether or not the indebtedness of the affiliate is in excess of the limitations prescribed herein.

(ii) When, on the report date, the affiliate is indebted to the member bank, or the member bank owns obligations of, or stock or other evidences of ownership in, the affiliate, and the aggregate amount of such indebtedness, obligations, stock, or other evidences of ownership is carried as an asset on the bank's books at a value in excess of \$5,000 or 1 per cent of the member bank's capital and surplus, whichever is the greater: *Provided*, that any indebtedness of the affiliate to the member bank fully secured by direct obligations of the United States Government or by obligations fully guaranteed by the United States Government may be disregarded in determining whether or not the indebtedness of the affiliate is in excess of the limitations prescribed herein.

(2) The Board of Governors of the Federal Reserve System also waives the requirement for the submission of reports of affiliates in all cases (i) where the affiliate relationship is based solely on ownership or control of any voting shares of the affiliate by a member bank as executor, administrator, trustee, receiver, agent, depository, or in any other fiduciary capacity, except where such shares are held for the benefit of all or a majority of

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(ii) When, on the report date, the affiliate is indebted to the member bank, or the member bank owns obligations of, or stock or other evidences of ownership in, the affiliate, and the aggregate amount of such indebtedness, obligations, stock, or other evidences of ownership is carried as an asset on the bank's books at a value in excess of \$5,000 or 1 per cent of the member bank's capital and surplus, whichever is the greater: *Provided*, that any indebtedness of the affiliate to the member bank fully secured by direct obligations of the United States Government or by obligations fully guaranteed by the United States Government may be disregarded in determining whether or not the indebtedness of the affiliate is in excess of the limitations prescribed herein.

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the stockholders of such member bank, and (ii) where the affiliate relationship is based solely on the fact that a majority of the affiliate's directors, trustees, or other persons exercising similar functions are directors of any one member bank, except where they constitute more than one-fourth of the directors of the member bank.

(3) The above provisions with respect to the waiving of the requirement for submission of reports of affiliates are subject to change whenever deemed advisable by the Board of Governors of the Federal Reserve System in order to require the submission of reports which are necessary to disclose fully relations between member banks and their affiliates and the effect thereof upon the affairs of member banks.