

FEDERAL RESERVE BANK OF DALLAS

DALLAS, TEXAS 75222

Circular No. 68-179

August 20, 1968

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

From time to time minor revisions in the Call and Income and Dividend Reports are necessary because of changes in banking practice and in financial conditions. On this occasion, however, the Federal Bank Supervisory Agencies have completed a review of current reporting requirements and are proposing a more fundamental revision of these reports. The major impetus for this reappraisal stemmed from the various points of non-comparability between the regulatory reports and the requirements with respect to financial disclosure promulgated by the three agencies in compliance with the Securities Acts Amendments of 1964, but it also has been felt that the existing reports have become increasingly deficient in reflecting the activities of banks as business enterprises.

As the result of a detailed study of ways to achieve better and more uniform bank reports, the agencies have drafted a set of proposed changes in the Call and Income and Dividend Reports. A copy of the agencies' material is enclosed for your information. The most significant changes envisioned concern accounting principles. Here the proposals advocate a wider application of accrued accounting and a change in the treatment of taxes, valuation reserves, fixed assets, and securities trading accounts. Other proposals call for the consolidation of certain domestic subsidiaries and, in a separate consolidated report, the significant foreign banking activities of larger commercial banks. Some form of public disclosure of the contents of the annual Income and Dividend reports is also advocated.

We would appreciate receiving any comments that you may have on these proposals and on the associated changes in the reporting forms (detailed in Sections 3 and 4 of the Report). Since the plan is to introduce the changes for the calendar year 1969, and in view of the lead-times necessary in developing procedures for the change-over, it would be appreciated if we could receive your comments on or before September 30, 1968.

Yours very truly,

P. E. Coldwell

President

Enclosure (1)