



American Revolution Bicentennial

FEDERAL RESERVE BANK OF DALLAS
DALLAS, TEXAS 75222

Circular No. 75-79
June 13, 1975

PROPOSED REVISION OF REGULATION F

TO ALL STATE MEMBER BANKS IN THE
ELEVENTH FEDERAL RESERVE DISTRICT:

The Board of Governors of the Federal Reserve System has issued a correction of a notice regarding its proposed revision of Regulation F, "Securities of State Member Banks," which appeared in the FEDERAL REGISTER on March 5, 1975. By this new notice the Board has specifically extended the comment period to June 30, 1975, on the question of the certification of bank financial statements.

The press release and the new FEDERAL REGISTER document are printed on the following pages.

Sincerely yours,

T. W. Plant

First Vice President



FEDERAL RESERVE

press release

June 6, 1975

For Immediate Release

The Board of Governors today revised and extended the time for comment on a proposal to amend its Regulation F, which concerns securities of state member banks with more than 500 shareholders.

The revision of the proposal makes it explicit that the Board was seeking comment, among other matters, on the question of the need for certification of bank financial statements. The time for comment on the proposal was extended from May 27 to June 30, 1975.

The version of the proposal distributed by the Federal Reserve System to individual banks registered under Regulation F contained this request for comment, but the version published in the Federal Register on March 5, 1975 did not.

A copy of the corrected Federal Register notice is attached.

Attachment

FEDERAL RESERVE SYSTEM

[12 CFR Part 206]

[Reg. F]

SECURITIES OF MEMBER STATE BANKS

Correction

Pursuant to its authority under section 12(i) of the Securities Exchange Act of 1934 as amended (15 U.S.C. § 78 l(i)), the Board of Governors proposed, by Order of February 21, 1975, to revise Regulation F (12 CFR § 206) in order that it be substantially similar to comparable rules and regulations issued by the Securities and Exchange Commission. One of the issues on which the Board wished to receive public comment was the question of the need for certification of bank financial statements, but the version of the proposal published by the Federal Register did not contain a specific solicitation of comments on this issue. Accordingly, the fifth paragraph in the preamble of the notice which appeared in the Federal Register on March 5, 1975 (40 Federal Register 10322 (1975)) is corrected to read as follows:

The Commission requires that all financial statements filed by its registrants be certified by an independent public accountant. Since the adoption of Regulation F in 1965, the Board, although accepting certified financial statements, has also accepted a verification statement by a bank's principal accounting officer and internal auditor. The Board has not concluded whether such a requirement for financial statements filed under Regulation F is necessary or appropriate in the public interest or for protection of investors in the case of State member banks. Accordingly, the following proposal does not contain a requirement for certification of financial statements by independent public accountants. However, interested persons are invited to address specifically this issue during the period of comment specified below.

It should be noted that the version of the notice which was distributed directly by the Federal Reserve System to individual banks registered under Regulation F contained this correction. Nevertheless, in order to insure that all interested parties have sufficient time to comment on the issue of the certification of financial statements, the Board has extended the comment period on this question until June 30, 1975.

To aid in the Board's consideration of the certification issue, interested persons are invited to submit relevant data, comments, views, or arguments. Any requests for a hearing on this matter should be accompanied by a statement summarizing the evidence the person requesting the hearing proposes to submit or to elicit at the hearing and a statement of the reasons why this matter should not be resolved without a hearing.

Any views or requests for a hearing should be submitted in writing to the Secretary, Board of Governors of the Federal Reserve System, Washington, D.C. 20551, to be received not later than June 30, 1975. All views expressed in written comments on the proposal and received by that date will be considered by the Board. Such material will be made available for inspection and copying upon request, except as provided in the Board's Rules Regarding Availability of Information (12 CFR 261).

By Order of the Board of Governors of the Federal Reserve System, June 6, 1975.

Theodore E. Allison
Secretary of the Board