



American Revolution Bicentennial

FEDERAL RESERVE BANK OF DALLAS

DALLAS, TEXAS 75222

Circular No. 76-152
November 9, 1976

AMENDMENT TO REGULATION F

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

The Board of Governors of the Federal Reserve System has amended Regulation F, "Securities of Member State Banks," to make its reporting requirements conform to comparable rules of the Securities and Exchange Commission. Shown on the reverse of this circular is a copy of the Board's press release.

Member banks and others that maintain Regulations Binders should file the enclosed amendment in their binders. The revised Forms F-4 and F-9 are in the process of being reprinted and will be furnished at a later date. Any questions concerning this amendment should be directed to our Examination Department at (214) 651-6274.

Additional copies of the amendment will be furnished upon request to the Secretary's Office of this Bank (214) 651-6267.

Sincerely yours,

T. W. Plant

First Vice President

Enclosure



FEDERAL RESERVE

press release

For immediate release

October 14, 1976

The Board of Governors of the Federal Reserve System today amended its Regulation F (Securities of State Member Banks) to make its reporting requirements conform to comparable rules of the Securities and Exchange Commission.

The amendment becomes effective November 15, 1976.

The Board acted under the Depository Institutions Act of 1974 requiring the Board to make its Regulation F conform to like SEC rules unless the Board determines that such changes are unnecessary or inappropriate.

Under the amended Regulation, State member banks that are subject to Regulation F will file expanded quarterly reports to include a condensed balance sheet, a summary statement of changes in financial position, a narrative analysis of results of company operations, and additional financial disclosures deemed appropriate by management. The amended Regulation provides also for certain changes in accounting procedures, including revised reporting treatment of the bank's reserve for loan losses, and repositioning of reports of subordinated debt, unearned income on loans and direct loan financing, and for specified additional information in the annual financial reports of certain larger member banks subject to Regulation F.

The amendment as adopted was substantially similar to changes in Regulation F proposed by the Board in February, except that the due date of the new quarterly report will be 45 days after the end of the quarter, instead of 30 days as proposed.

A copy of the amended Regulation is attached.

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BOARD OF GOVERNORS OF THE FEDERAL RESERVE SYSTEM

SECURITIES OF MEMBER STATE BANKS

AMENDMENT TO REGULATION F†

Effective November 15, 1976, §206.7(c)(10) is amended by adding a new paragraph (vii) as follows:

SECTION 206.7 — FORM AND CONTENT OF FINANCIAL STATEMENTS

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(c) Provisions of general application.

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(10) General notes to statements of income.

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(vii) *Disclosure of selected quarterly financial data in notes to financial statements.* Exemption. This rule shall not apply to any registrant that does not meet the following conditions:

(a) The bank (1) has securities registered pursuant to Section 12(b) of the Securities Exchange Act of 1934 or (2) has securities registered pursuant to Section 12(g) of that Act that also (i) are quoted on the National Association of Securities Dealers Automated Quotation System and (ii) meet the requirements for continued inclusion on the list of OTC margin stocks set forth in Section 220.8(i) of Regulation T of the Board of Governors of the Federal Reserve System; and

(b) The bank and its consolidated subsidiaries (1) have had a net income after taxes but before extraordinary items and the cumulative effect of a change in accounting, of at least \$250,000 for each of the last three fiscal years; or (2) had total assets of at least \$200,000,000 as of the end of the last fiscal year.

(1) Disclosure shall be made in a note to financial statements of total operating income, income before security gains (losses), income before extraordinary items and cumulative effect of a change in accounting, net income, and per share data based upon such income for each full quarter within the two most recent fiscal years and any subsequent interim period for which income statements are presented.

(2) When the data required by the preceding paragraph above vary from the amounts previously reported on the Form F-4 filed for any quarter, such as would be the case when a pooling of interests occurs or where an error is corrected, reconcile the amounts given with those previously reported describing the reason for the difference.

(3) Describe the effect of any unusual or infrequently occurring items recognized in each full quarter within the two most recent fiscal years and any subsequent interim period for which income statements are presented, as well as the aggregate effect and the nature of year-end or other adjustments that are material to the results of that quarter.

(4) Where this note is part of audited financial statements, it may be designated "unaudited."

Instruction: If the financial statements are covered by an independent public accountant's report, and the note required by the above paragraph (vii) is designated as "unaudited," it shall be presumed that appropriate professional standards and procedures with respect to the data in the note have been followed by the independent accountant who is associated with the unaudited footnote by virtue of reporting on the financial statements in which it is included.

† For this Regulation to be complete as amended Effective November 15, 1976 retain:

- 1) Printed Regulation pamphlet as revised effective December 1, 1975, together with related forms; and
- 2) This slip sheet and revised Forms F-4 and F-9.

BOARD OF GOVERNORS OF THE FEDERAL RESERVE SYSTEM

SECURITIES OF MEMBER STATE BANKS

FORMS

Effective November 15, 1976, the following revisions to forms and related instructions are made:

Form for quarterly report of bank (Form F-4) is revoked in its entirety and a revised form for quarterly report of bank (Form F-4)* is substituted therefor.

Forms for financial statements (Form F-9)* are amended in part as follows:

(a) "A BALANCE SHEET" (Form F-9A) is revoked and a revised format is substituted therefor.

(b) The instructions concerning "Loans" included in the Form F-9A Balance Sheet are

renumbered and new subparagraphs (5)(a) and (b) and a new Note is added.

(c) "C. STATEMENTS OF CHANGES IN CAPITAL ACCOUNTS" (Form F-9C) is revoked and a revised format is substituted therefor.

(d) SCHEDULE III — OTHER LOANS in Form F-9D is revoked and a revised guideline format is substituted therefor.

(e) SCHEDULE VII — ALLOWANCE FOR POSSIBLE LOAN LOSSES in Form F-9D is revoked and a revised guideline format —RESERVE FOR POSSIBLE LOAN LOSSES —is substituted therefor.

*The revised Forms F-4 and F-9 are being reprinted and will be furnished at a later date.