

FEDERAL RESERVE BANK OF DALLAS

DALLAS, TEXAS 75222

Circular No. 82-171
December 22, 1982

REGULATION O

LOANS TO EXECUTIVE OFFICERS, DIRECTORS, AND PRINCIPAL SHAREHOLDERS OF MEMBER BANKS

(Forms FFIEC 003 and 004)

TO THE CHIEF EXECUTIVE OFFICER
OF ALL MEMBER BANKS IN THE
ELEVENTH FEDERAL RESERVE DISTRICT:

On November 21, 1979, the Federal Reserve Board published amendments to its Regulation O to implement the reporting requirements of Titles VIII and IX of the Financial Institutions Regulatory and Interest Rate Control Act of 1978 (FIRA). Titles VIII and IX and Regulation O require two separate types of reports: (1) an annual report to be submitted by executive officers and principal shareholders of member banks to the boards of directors of their banks with respect to indebtedness of the executive officers and principal shareholders and their related interests to the member bank's correspondent banks; and (2) a report to be submitted by each member bank to its primary federal bank supervisor concerning the principal shareholders of the reporting bank and the indebtedness of its executive officers and principal shareholders and their related interests to the reporting bank itself and to its correspondent banks.

Two forms are enclosed for your use and the use of your executive officers and principal shareholders in fulfilling these reporting requirements. Only one copy of each form is provided. Please duplicate the forms in accordance with your needs. Both forms have been approved by the Federal Financial Institutions Examination Council (FFIEC) for use by all federally-insured banks and by their executive officers and principal shareholders. Thus, all insured banks will be using uniform report forms in complying with the reporting requirements of Titles VIII and IX of FIRA. Forms are being provided to national banks at the request of the Comptroller of the Currency.

The first form is Form FFIEC 003 which member banks are required under Regulation O to file either with the appropriate Federal Reserve Bank, in the case of State member banks, or the Regional Administrator, in the case of national banks. The report must be filed by March 31 of each year and covers the previous calendar year. The time period covered by the 1983 report is January 1 to December 31, 1982. Some of the information required to be filed on Form FFIEC 003 will be taken from the FFIEC 004 (or similar form) forms submitted to the member banks by their executive officers and principal shareholders.

The other form enclosed, Form FFIEC 004, is provided to assist executive officers and principal shareholders of member banks in meeting their reporting requirements under Title VIII of FIRA. Your bank should make copies of the form available to your executive officers and principal shareholders. The

Banks and others are encouraged to use the following incoming WATS numbers in contacting this Bank: 1-800-442-7140 (intrastate) and 1-800-527-9200 (interstate). For calls placed locally, please use 651 plus the extension referred to above.

executive officers and principal shareholders can, if they wish, provide the required information on other forms.

Executive officers and principal shareholders subject to the reporting requirements of Title VIII of FIRA must file annual reports concerning their indebtedness, and the indebtedness of their related interests, to the correspondent banks of the member bank. These reports are filed with the member bank's board of directors by January 31 of each year. The 1983 report covers the period January 1 to December 31, 1982.

Each member bank should notify its executive officers and principal shareholders of the reporting requirements of Title VIII of FIRA. The persons notified should include any person who was an executive officer or principal shareholder of the member bank during the period January 1 to December 31, 1982, since all of these persons are subject to reporting requirements if they were indebted to a correspondent bank of the member bank during this period. Each member bank is also required to make available to its executive officers and principal shareholders a list of the member bank's correspondent banks. A correspondent bank is defined as a bank that maintains one or more correspondent accounts for a member bank during the calendar year that in the aggregate exceed certain amounts specified in the regulation.

Form FFIEC 004, or similar form, that is filed by executive officers and principal shareholders, must be kept on file at the member bank for a period of three years. These reports are not required to be made available to the public; however, the reports will be reviewed by examiners during the course of the examination of the member bank. The reports filed by executive officers and principal shareholders are not required to be filed with the Reserve Bank or Regional Administrator.

Form FFIEC 003, which is filed by the member bank with the Reserve Bank or the Regional Administrator, is subject to public disclosure. Both the member bank and the primary federal bank supervisor are required to make a copy of the report available to the public upon request.

The Garn-St. Germain Depository Institutions Act of 1982 authorizes the regulatory agencies to develop alternative reporting and disclosure requirements which will result in the replacement of the current FFIEC 003 and 004 forms. The agencies are now considering alternative requirements. When replacement forms are developed, they will be submitted to the banking industry for public comment. Any suggestions that you might have at this time on alternative requirements will be appreciated.

Questions your bank may have on the current forms or Regulation O may be directed to Marvin C. McCoy, Extension 6657, or William C. Reddick, Extension 6652, in this Bank's Bank Supervision and Regulations Department.

Additional copies of this circular will be furnished upon request to the Department of Communications, Financial and Community Affairs, Extension 6289.

Sincerely yours,



William H. Wallace
First Vice President

Enclosures