



FEDERAL RESERVE BANK
OF DALLAS

BERT D. McTEER, JR.
PRESIDENT
AND CHIEF EXECUTIVE OFFICER

December 17, 1997

DALLAS, TEXAS
75265-5906

Notice 97-120

TO: The Chief Executive Officer of each
financial institution and others concerned
in the Eleventh Federal Reserve District

SUBJECT

**Slip-Sheet Amendments to
Regulations D, E, I, BB, and the
Official Staff Commentary on Regulation C**

DETAILS

The Board of Governors of the Federal Reserve System has published slip-sheet amendments to Regulation D, effective October 1, 1997; Regulation E, effective September 15, 1997; Regulation I, effective October 1, 1997; Regulation BB (amendments and corrections), effective July 1, 1997; and the Official Staff Commentary on Regulation C, effective July 1, 1997.

ENCLOSURES

The revised slip sheets are enclosed. Please insert them in your Regulations binders.

MORE INFORMATION

For more information regarding Regulation D, please contact the Reserve Management Division at (214) 922-5646 at the Dallas Office. Depository institutions in the El Paso territory should

For additional copies, bankers and others are encouraged to use one of the following toll-free numbers in contacting the Federal Reserve Bank of Dallas: Dallas Office (800) 333-4460; El Paso Branch *Intrastate* (800) 592-1631, *Interstate* (800) 351-1012; Houston Branch *Intrastate* (800) 392-4162, *Interstate* (800) 221-0363; San Antonio Branch *Intrastate* (800) 292-5810.

contact the Reserve Maintenance Division in the El Paso Office at (915) 521-8213. Depository institutions in the Houston territory should contact the Reserve Maintenance Division in the Houston Office at (713) 652-1538. Depository institutions in the San Antonio territory should contact the Reserve Maintenance Division in the San Antonio Office at (210) 978-1426. For more information regarding Regulation E, please contact Peggy Atcher at (214) 922-6202. For more information regarding Regulation I, please contact Claude Davis at (214) 922-5607. For more information regarding Regulation BB, please contact Jim Foster at (214) 922-5280. For more information regarding Regulation C, please contact Eugene Coy at (214) 922-6201.

For additional copies of this Bank's notice, please contact the Public Affairs Department at (214) 922-5254.

Sincerely yours,

Robert D. McTeer, Jr.

Amendments to Regulation D Reserve Requirements of Depository Institutions September 1997*

1. *Effective October 1, 1997, section 204.3(b) is amended to read as follows:*

(b) *Form and location of reserves.*

(1) A depository institution, a U.S. branch or agency of a foreign bank, and an Edge or agreement corporation shall hold reserves in the form of vault cash, a balance maintained directly with the Federal Reserve Bank in the Federal Reserve District in which it is located, or a pass-through account. Reserves held in the form of a pass-through account shall be considered to be a balance maintained with a Federal Reserve Bank.

(2) (i) For purposes of this section, a depository institution is located in the Federal Reserve District that contains the location specified in the institution's charter or organizing certificate, or, if no such location is specified, the location of its head office, unless otherwise determined by the Board under paragraph (b)(2)(ii) of this section.

(ii) If the location specified in paragraph (b)(2)(i) of this section, in the

Board's judgment, is ambiguous, would impede the ability of the Board or the Federal Reserve Banks to perform their functions under the Federal Reserve Act, or would impede the ability of the institution to operate efficiently, the Board will determine the Federal Reserve District in which the institution is located, after consultation with the institution and the relevant Federal Reserve Banks. The relevant Federal Reserve Banks are the Federal Reserve Bank whose District contains the location specified in paragraph (b)(2)(i) of this section and the Federal Reserve Bank in whose District the institution is proposed to be located. In making this determination, the Board will consider any applicable laws, the business needs of the institution, the location of the institution's head office, the locations where the institution performs its business, and the locations that would allow the institution, the Board, and the Federal Reserve Banks to perform their functions efficiently and effectively.

* A complete Regulation D, as amended effective October 1, 1997, consists of—

- the regulation pamphlet dated April 1997 (see inside front cover) and
- this slip sheet.

Amendments to Regulation E Electronic Fund Transfers October 1997*

1. *Effective September 15, 1997, section 205.15(a) is amended to read as follows:*

(a) *Government agency subject to regulation.*

(1) A government agency is deemed to be a financial institution for purposes of the act and this part if directly or indirectly it issues an access device to a consumer for use in initiating an electronic fund transfer of government benefits from an account other than needs-tested benefits in a program established under state or local law or administered by a state or local agency. The agency shall comply with all applicable requirements of the act and this part, except as provided in this section.

(2) For purposes of this section, the term *account* means an account established by a government agency for distributing government benefits to a consumer electronically, such as through automated teller machines or point-of-sale terminals, but does not include an account for distributing needs-tested benefits in a program established under state or local law or administered by a state or local agency.

* A complete Regulation E, as amended effective September 15, 1997, consists of—

- the regulation pamphlet dated July 1996 (see inside front cover) and
- this slip sheet.

Amendments to Regulation I Issue and Cancellation of Capital Stock of Federal Reserve Banks September 1997*

1. *Effective October 1, 1997, section 209.15 is added to read as follows:*

SECTION 209.15—Location of Bank

(a) *General rule.* For purposes of this part, a national bank or a state bank is located in the Federal Reserve District that contains the location specified in the bank's charter or organizing certificate, or, if no such location is specified, the location of its head office, unless otherwise determined by the Board under paragraph (b) of this section.

(b) *Board determination.* If the location of a bank as specified in paragraph (a) of this section, in the Board's judgment, is ambiguous, would impede the ability of the Board or the Federal Reserve Banks to perform their functions under the Fed-

eral Reserve Act, or would impede the ability of the bank to operate efficiently, the Board will determine the Federal Reserve District in which the bank is located, after consultation with the bank and the relevant Federal Reserve Banks. The relevant Federal Reserve Banks are the Federal Reserve Bank whose District contains the location specified in the paragraph (a) of this section and the Federal Reserve Bank in whose District the bank is proposed to be located. In making this determination, the Board will consider any applicable laws, the business needs of the bank, the location of the bank's head office, the locations where the bank performs its business, and the locations that would allow the bank, the Board, and the Federal Reserve Banks to perform their functions efficiently and effectively.

* A complete Regulation I, as amended effective October 1, 1997, consists of—

- the regulation pamphlet dated October 1991 (see inside front cover) and
- this slip sheet.

Amendments and Corrections to Regulation BB Community Reinvestment September 1997*

1. *Section 228.12(h)(3) is corrected to read as follows:*

(3) activities that promote economic development by financing businesses or farms that meet the size eligibility standards of the Small Business Administration's Development Company or Small Business Investment Company programs (13 CFR 121.301) or have gross annual revenues of \$1 million or less; or

2. *Effective January 1, 1996, section 228.27(h) is revised to read as follows:*

(h) *Plan amendment.* During the term of a plan, a bank may request the Board to approve an amendment to the plan on grounds that there has been a material change in circumstances. The bank shall develop an amendment to a previously

approved plan in accordance with the public participation requirements of paragraph (d) of this section.

3. *Effective January 1, 1996, section 228.51(a) is revised to read as follows:*

(a) *Effective date.* Sections of this part become applicable over a period of time in accordance with the schedule set forth in paragraph (c) of this section. Notwithstanding paragraph (c) of this section, when a bank, either voluntarily or mandatorily, becomes subject to the performance tests and standards of sections 228.21 through 228.27, the bank must comply with all the pertinent requirements of sections 228.11 through 228.44, and no longer must comply with the requirements of sections 228.3 through 228.7.

* A complete Regulation BB, as amended effective July 1, 1997, consists of—

- the regulation pamphlet dated July 1995 (see inside front cover) and
- this slip sheet.

Item 1 is new. The other items were included in the July 1996 slip sheet.

Amendments to the Official Staff Commentary on Regulation C Home Mortgage Disclosure August 1997*

1. *Effective July 1, 1997, comment 3(a)-1 is amended to read as follows:*

1. *General.* An institution that ceases to meet the tests for HMDA coverage (such as the 10 percent test for nondepository institutions) or becomes exempt may stop collecting HMDA data beginning with the next calendar year. For example, a bank whose assets are at or below the threshold on December 31 of a given year reports data for that full calendar year, in which it was covered, but does not report data for the succeeding calendar year. (Appendix A of this part, paragraph I.)

2. *Effective July 1, 1997, the reference at the end of comment 5(e)-1 is amended to read "(Appendix A of this part, paragraph III.F.)"*

* A complete commentary pamphlet, as amended July 1, 1997, consists of—

- the commentary pamphlet dated February 1996 (see inside front cover) and
- this slip sheet.