S.F. FED DEDICATES NEW BUILDING

The Federal Reserve Bank of San Francisco officially dedicated its new headquarters building on March 2, 1983. The new facility, located at 101 Market Street, centralizes all the functions of the San Francisco Bank and was designed to meet the long-range needs of the Twelfth District.

Incorporated into the twelve-story structure are extensive vault areas in the large basement, four large lower floors for major central-banking operations, accommodations for advanced computer and automated systems, and an eight-story office tower. The Bank and its 1300 employees occupy all but two floors of the low-rise building.

The dedication ceremony included an address by Federal Reserve Board Chairman Paul A. Volcker at a community luncheon and a proclamation by San Francisco Mayor Dianne Feinstein. Other notables attending the ceremony were Federal Reserve Governors Nancy H. Teeters and Emmett Rice, California Assembly Speaker Willie L. Brown Jr., San Francisco Fed Board Chairman Caroline L. Ahmanson and San Francisco Fed President John J. Balles.

In opening remarks Balles said, "We believe that the new building not only represents a quality contribution to the architecture of America's most beautiful city, but embodies as well, a firm commitment to enhance the economic vitality of downtown San Francisco."

Mayor Feinstein, in declaring the day "Federal Reserve Bank of San Francisco Day," noted: "Since its inception in 1914 as the western arm of the central bank of the United States, (the Bank) has made outstanding contributions to the growth and prosperity of San Francisco's financial community and to the city's reputation as the financial center of the West." She added: "(The Bank also) has enhanced its contributions to the economic education of the citizens of San Francisco by offering a unique economics education exhibit titled 'The World of Economics' in its lobby."

The Bank's new headquarters building was designed by Skidmore, Owings and Merrill and built by Dinwiddie Construction Company. Excavation began in February 1980 and construction was completed three years later. The transfer of the Bank's 1300 San Francisco employees from five separate buildings in the nearby Financial District to the new facility was completed February 13, 1983.
Regulation D—Reserve Requirements: The Federal Reserve Board modified reserve requirements on nonpersonal time deposits effective March 31, 1983. Under the amendment, nonpersonal time deposits with original maturities of 2½ years or more have no required reserve. Nonpersonal time deposits with original maturities of less than 2½ years continue to be subject to a 3-percent reserve requirement.

A copy of the Board’s notice is available from our Corporate Services Department at (415) 974-2752; outside California, the toll-free number is 800-227-4133, ext. 2752. For further information, please contact Diane Fong in Statistical and Data Services (415) 974-3150; outside California, the toll-free number is 800-227-4133, ext. 3150.

Regulation Q—Interest on Deposits: The Board has temporarily suspended Regulation Q early withdrawal penalties to provide an additional measure of assistance to victims in California counties that have been declared major disaster areas by the President. The Board’s action permits a member bank, wherever located, to pay a time deposit before maturity without imposing this penalty upon a showing that the depositor has suffered a property or other financial loss that resulted from severe storms, flooding, and mudslides beginning on or about January 21, 1983.

For the following counties, the Board’s action is retroactive to February 9, 1983 and will remain in effect until midnight, August 12, 1983: Alameda, Butte, Colusa, Contra Costa, Glenn, Kern, Kings, Lake, Los Angeles, Marin, Mendocino, Monterey, Orange, San Benito, San Bernardino, San Diego, San Luis Obispo, San Mateo, Santa Barbara, Santa Clara, Santa Cruz, Sonoma, Sutter, Tehama and Ventura.

The suspension of early withdrawal penalties for disaster-related losses in the counties below applies only to withdrawals made on or after the date of declaration, and before midnight, September 1, 1983.

<table>
<thead>
<tr>
<th>Declaration Date</th>
<th>Counties</th>
</tr>
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<tbody>
<tr>
<td>March 11</td>
<td>Shasta, Yolo</td>
</tr>
<tr>
<td>March 17</td>
<td>Riverside, Trinity, Solano</td>
</tr>
<tr>
<td>March 21</td>
<td>Madera, Placer, Merced, Stanislaus, Napa, Tulare</td>
</tr>
<tr>
<td>March 28</td>
<td>San Joaquin, Yuba</td>
</tr>
<tr>
<td>March 29</td>
<td>Sacramento</td>
</tr>
<tr>
<td>March 30</td>
<td>Fresno</td>
</tr>
<tr>
<td>March 31</td>
<td>Del Norte, Humboldt</td>
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</tbody>
</table>

A member bank should obtain from a depositor seeking to withdraw a time deposit pursuant to this action a signed statement describing the disaster-related loss. This statement should be approved and certified by an officer of the bank.

For further information, please contact our Law Department at (415) 974-2256 or 974-2264.

Regulation Y—Bank Holding Companies: The Board amended its policy statement on use by bank holding companies of futures, forward and standby contracts on U.S. Government and agency securities. Effective March 1, 1983, the policy statement was amended (1) to clarify that it encompasses futures and option contracts on money market instruments as well as on U.S. government and agency securities, exchange traded options contracts and “standby” contracts and (2) to ask bank holding companies to furnish written notice to their District Federal Reserve Bank if such contract activities are undertaken by the holding company or a non-bank subsidiary.

For further information, please contact Robert A. Johnston in Applications and Analysis at (415) 974-2352.

Regulation Z—Truth in Lending: On March 31, 1983, the Federal Reserve Board adopted several amendments to Regulation Z affecting arrangers of credit, student loans and the use of calculation devices in determining annual percentage rates.

The amendments are effective retroactive to October 1, 1982. One amendment deleted “arrangers of credit” from the definition of creditor. Another exempted student loans made under Title IV of the Higher Education Act of 1965 from Truth-in-Lending requirements. These changes were intended to bring the regulation into conformity with changes in the Truth-in-Lending Act made by the Garn-St. Germain Act. The amendment affecting calculation devices in student loans reinstated two provisions of the regulation dealing with errors in the calculation of the annual percentage rate resulting from the use of faulty calculation tools.

The Board also published updates to the Official Staff Commentaries to Regulations E (Electronic Fund Transfers) and Z.

For further information, please contact David Vandre in Consumer Affairs at (415) 974-2965.

Fee Schedules: The Federal Reserve Board announced on March 17, 1983 that it will continue current charges to depository institutions for wire transfer of funds and net settlement services without change.

For further information, please contact Robert B. O’Donoghue in Electronic Payments at (415) 974-2135.
DIDC MINUTES

At its regular quarterly meeting on March 1, 1983, the Depository Institutions Deregulation Committee re-elected Secretary of the Treasury Donald Regan as its Chairman and Paul Vocker, Chairman of the Federal Reserve Board, as its Vice Chairman for the next year.

The Committee also voted not to increase ceilings on passbook and other time deposits at this time. In response to over 700 letters commenting on items in the agenda, the DIDC decided to table consideration of the agenda for the meeting. Most letters requested that further deregulation be postponed to give institutions more time to adjust to the changes resulting from the newly authorized money market deposit and market rate NOW accounts. Other changes were also cited. For example, on April 1, 1983, the minimum maturity of the long-term ceiling-free account would have been reduced from 3½ years to 2½ years and the minimum maturity of the indexed small savers certificates from 30 months to 18 months.

The next quarterly meeting of the DIDC will take place June 28, 1983. Further information on the deliberations of the Committee is available from our Law Department at (415) 974-2256 or 974-2254.

FOR PUBLIC COMMENT

Consumer Leasing Act: The Federal Reserve Board has sent to Congress extensive suggestions for simplifying the Consumer Leasing Act of 1976. The suggestions are intended to reduce the number and complexity of disclosures, thereby highlighting important information for consumers while reducing the burden of compliance on lessors. The draft legislation would also add coverage of rental purchase agreements. Under such agreements, the consumer rents property such as a television set for a one-week or one-month term and the rental is automatically renewed with each subsequent payment. After a certain number of payments, the consumer can become the owner of the property for little or no additional money.

The Board welcomes comment from all quarters on this proposal. For further information, please contact David Vandre in Consumer Affairs at (415) 974-2965.

Regulation D—Reserve Requirements: The Board requested comment by April 8, 1983 on a proposal to reduce the deposits reporting burden for small institutions.

The proposal follows provisions in the Garn-St. Germain Act directing the Board to reduce the administrative burden associated with deposits reporting at commercial banks and thrift institutions with $2.1 million or less in total reservable liabilities. The Board's proposal would amend Regulation D to require such institutions to submit a six-item report each calendar quarter, a two-item report once a year, or no report at all, depending upon their deposit levels.

Copies of the Board's notice are available from the Corporate Services Department, (415) 974-2752; outside California, the toll-free number is 800-227-4133, ext. 2752. For further information, please contact Diane Fong in Statistical and Data Services at (415) 974-2352.1

Regulations G and U—Securities Credit by Persons other than Banks, Brokers, or Dealers and Loans by Banks: As part of the Board's Regulatory Improvement Project, the Board is proposing to revise Regulations G and U in their entirety. Comment on the proposals was requested by April 22, 1983.

In addition to amendments adopted in January 1982, the proposals include the following provisions:

Regulation G (Docket R-0458)
- to raise the registration threshold for G-lenders from $100,000 to $200,000 and to eliminate the registration requirements for those who arrange, but do not extend, credit secured by margin securities
- to permit companies and their affiliates to finance employee purchases of company stock without a specific scheduled paydown of the loan or a three-year lockup of the stock, as is presently required.

Regulation U (Docket R-0458)
- to permit banks to lend on margin stock to Employee Stock Ownership Plans on a "good faith" basis
- to eliminate a restriction on unsecured loans to lenders other than banks and broker-dealers, such as "collateral lenders," as Regulation G directly applies to these lenders
- to delete requirements for reports presently required of OTC market-makers, third-market makers and block positioners.

The Board also sought comment on whether Regulations G and U should be combined into one new, comprehensive regulation.

Copies of the proposed revisions can be obtained from our Corporate Services Department, (415) 974-2752. For further information, please contact David Vandre in Consumer Affairs at (415) 974-2965.

Regulation Y—Bank Holding Companies: The Board is proposing to add discount securities brokerage and securities credit lending to the list of nonbanking activities permissible for bank holding companies. It requested comment by April 8, 1983.

For further information, please contact Robert A. Johnston in Applications and Analysis at (415) 974-2352.
ADVERTISING MMDAs AND SUPER-NOWs

The staff of the Federal Reserve Board of Governors has issued a letter advising depository institutions of its view on how the advertising provisions of Regulation Q apply to certain aspects of advertisements for Money Market Deposit Accounts (MMDAs) and Super-NOW accounts.

Where a member bank advertises a split rate (such as 5 1/4 percent on the first $2500 and 10 percent on the balance in excess of $2500) the staff believes it cannot advertise the higher rate unless it "(1) states clearly in close proximity to the rate that the rate applies only to balances above a stated amount, and (2) includes the lower rate that applies to the amount of the account below the cutoff rate in the advertisement in equal prominence with the higher rate." Member banks paying only one interest rate on accounts that meet the regulatory minimum denomination requirement of $2500, or perhaps some higher minimum established by the bank, need only state the minimum denomination that applies to the accounts.

Because ordinary and recurring service charges on deposit accounts may substantially reduce their yield, the staff stated that the existence of service charges or other similar fees must be stated conspicuously in any advertisement that states an interest rate.

NEW HEAD OF PUBLIC INFORMATION
(Continued from page 1)

Senior Economist in October 1980 and named Research Officer in 1982. In addition to contributing to the Bank’s publications, he has prepared economic briefing documents for the president of the Reserve Bank and the Bank’s senior management. Together with Research Officer John P. Judd, Scadding constructed an economic model of the money market used by the Bank to analyze monetary policy questions. He also served as the primary economic consultant to the designers of The World of Economics educational exhibition that is now permanently installed in the lobby of the Bank’s new headquarters building.

Scadding replaces Gene Drossel as head of the Public Information Department. Drossel, former Vice President of Public Affairs, Public Relations and Advertising for the Kaiser Steel Corporation and Kaiser Industries, is returning to his private consulting practice.