

Federal Reserve Notes

Federal Reserve Bank of San Francisco • December 1985

Serving Alaska, Arizona, California, Hawaii, Idaho, Nevada, Oregon, Utah, & Washington

NOTE TO READERS

We must reluctantly inform you that, due to budgetary constraints, we must discontinue publication of **Federal Reserve Notes**. This December 1985 issue will be the last in the series. **Federal Reserve Notes** has always acted as a monthly digest of news sent directly to depository institutions in separate letters and announcements. Those separate communications will continue in the future. Our thanks for your interest in this publication.

POLICY DEVELOPMENTS

Repurchase Agreement Transactions

As recommended by the Federal Financial Institutions Examination Council, the Federal Reserve Board has adopted a supervisory policy on repurchase agreement transactions.

The policy statement is intended to provide financial institutions with minimum safety and soundness guidelines for managing credit risk exposure. It also provides guidance related to the possession or control of securities involved in repurchase agreement transactions. In addition, the policy points out the need for full collateralization, maintenance of agreed upon collateral margins, and frequent mark-to-market procedures.

Depository institutions doing business with unregulated government securities dealers are urged to verify that these dealers are complying with the Federal Reserve Bank of New York's minimum capital guidelines.

Copies of the policy statement are available from Corporate Services at (415) 974-2752. For further information, please contact Merle Borchert in Supervision, Regulation, and Credit at (415) 974-2238.

REGULATIONS AND OPERATIONS UPDATE

Regulation B — Equal Credit Opportunity

The Federal Reserve Board has issued a final revision to Regulation B — Equal Credit Opportunity — that will assist credit compliance and increase protection for credit applications. The final revisions become effective **December 16, 1985** but creditors may continue to comply with the Board's current regulation until October 1, 1986. The revisions include:

- procedures for dealing with incomplete applications, and a broader selection of sample forms for informing applicants of the reasons for credit denial
- changes in data notation requirements applicable to dwelling-related mortgage loan applications
- changes in the definition of applicant to give guarantors legal standing in the courts when there is an alleged violation of the regulation's signature provisions.

For copies of the Board's notice, please contact Corporate Services at (415) 974-2752. For further information, please contact David Vandre in Consumer Affairs at (415) 974-2965.

Regulation AA — Unfair or Deceptive Acts or Practices

The Federal Reserve Board has issued staff guidelines designed to help banks comply with the Credit Practices Rule that goes into effect on **January 1, 1986**. In general, the new rule prohibits banks from using the following remedies to enforce consumer credit obligations: confessions of judgment; waivers of exemption; wage assignments; and nonpossessory, nonpurchase money security interests in household goods. The rule also bans a practice known as "pyramiding late charges," prohibits a bank from misrepresenting a co-signer's liability, and requires that a co-signer receive a notice explaining the co-signer's obligation.

A copy of the staff guidelines is available from Corporate Services at (415) 974-2752. For further information, please contact David Vandre in Consumer Affairs at (415) 974-2965.

REGULATIONS AND OPERATIONS UPDATE (continued)

Cash Transportation Fees Revised

New cash transportation fees took effect October 31 for the Salt Lake City zone, November 1 for the Los Angeles zone, and November 28 for Seattle. For further information, please contact Don W. Sheets (Salt Lake City) at (801) 322-7823, Charles L. Huffstetler (Los Angeles) at (213) 683-3466, or Kenneth Peterson (Seattle) at (206) 442-4492.

Check Collection Fee Changes

All Federal Reserve Banks have revised their fee schedules for commercial check services, effective **January 1, 1986**. Because the Federal Reserve is committed to ensuring stable costs for commercial check services, prices have not changed significantly from those already in effect. Basic prices in the Twelfth District have not changed from those put into effect June 27, 1985. In some cases, however, the transportation surcharges have increased slightly.

For further information, please contact the Financial Services Officer serving your institution.

Securities Safekeeping and Noncash Collection Services: Fee Changes

The Federal Reserve Board has approved revised fee structures effective **January 1, 1986**, for the definitive securities safekeeping and noncash collection service.

There are only minor changes to the noncash collection service fees for items payable outside the Twelfth District. With regard to items payable within the Twelfth District, the noncash collection operations of the Twelfth District will be consolidated in the Ninth District (Minneapolis), effective January 1, 1986, pending a decision by the Federal Reserve Board. The Federal Reserve Bank of Minneapolis would, if authorized, charge a fee of \$4 (including postage and insurance) to collect Twelfth District coupons, and a fee of \$11.50 to collect Twelfth District bonds.

Since the Federal Reserve Bank of San Francisco does not offer definitive securities safekeeping except under certain collateral arrangements, the fee schedule for 1986 does not include the Twelfth District.

For further information, please contact the Financial Services Officer serving your institution.

Wire Transfer, Net Settlement, and ACH 1986 Fees

The Federal Reserve Bank of San Francisco is pleased to announce that there will be no changes in the basic transaction fees for the Wire Transfer, Net Settlement, and Automated Clearinghouse services in January 1986. Some changes have been made to other ACH charges and to the fee structure for installation of electronic connections, effective **January 1, 1986**.

For further information, please contact the Financial Services Officer serving your institution.

List of Marginable OTC Stocks

The Federal Reserve Board has published a revised list of over-the-counter (OTC) stocks that are subject to its margin regulations. The list took effect November 12, 1985. Copies of the list are available from Corporate Services at (415) 974-2752. For further information, please contact David Vandre in Consumer Affairs at (415) 974-2965.

FOR PUBLIC COMMENT

Interdistrict Consolidation of Selected Priced Services

The Federal Reserve Board requested public comment by **November 29, 1985** on a proposal focusing on the interdistrict consolidation of Reserve Bank priced services.

The first project under consideration involves consolidating the noncash collection activities of the Federal Reserve Banks of San Francisco and Minneapolis at the Minneapolis Reserve Bank. The Board believes that the consolidation will result in greater efficiency in the Minneapolis District and enable the System to continue providing noncash collection services in the San Francisco District without having to increase fees.

Copies of the Board's notice are available from Corporate Services at (415) 974-2752. For further information, please contact David Kerr at (415) 974-2345.

SEASON'S GREETINGS