

FEDERAL RESERVE BANK  
OF NEW YORK

December 22, 1969

Amendments to Regulation F – Securities of Member State Banks

*To State Member Banks in the Second Federal Reserve District:*

Following is the text of a statement issued today by the Board of Governors of the Federal Reserve System:

The Board of Governors of the Federal Reserve System announced today amendments to its Regulation F, "Securities of Member State Banks," relating to the form and content of commercial bank financial statements and proxy solicitation provisions. This regulation applies the disclosure provisions of the Securities Exchange Act of 1934 to the securities of State member banks that have 500 or more stockholders.

The amendments, which are effective December 31, are essentially the same as those proposed by the Board on November 14 and were issued after consideration of comments received since that time.

The major change will implement the "net income" concept in bank income reports. Briefly, this change will require a bank to (1) recognize a loan loss factor in reporting operating expenses, (2) report securities gains and losses, as realized, in its statement of income, and (3) designate the last line in the statement of income as "net income."

Another change will require reporting of per share earnings. The revisions are intended to make financial reports required by Regulation F consistent with the format and instructions for the preparation of other financial reports banks are required to publish.

Extensive revisions of the regulatory provisions relating to proxy solicitations are also included in the amendments. These are mainly intended to clarify the applicability of the various provisions of the regulation and to incorporate administrative practices adopted during the five years since Regulation F was first issued, generally, without imposing any additional requirements.

Under the amendments, reports of all banks subject to Regulation F will be available for public inspection at the New York, Chicago, and San Francisco Reserve Banks, and at the Federal Deposit Insurance Corporation's Washington headquarters. The nine other Federal Reserve Banks will have available for inspection only those reports of Regulation F banks located in their own Federal Reserve Districts.

In addition, the amendments reduce the time permitted for banks to file annual reports with the Board from 120 to 90 days after the close of its fiscal year, or within 30 days of the mailing of a bank's annual report to stockholders, whichever first occurs. The time permitted for banks to file quarterly reports is reduced from 45 days to 30 days after the close of each quarter.

Regulation F and its related forms, as amended, are being reprinted and will be sent to you shortly.

Alfred Hayes,  
President.