

FEDERAL RESERVE BANK  
OF NEW YORK

AT CIR No 8624(a)  
August 15, 1979

BOARD OF GOVERNORS' SEMIANNUAL AGENDA OF REGULATIONS

To the Chief Executive Officer of Each  
Member Bank in the Second Federal Reserve District:

Enclosed is a copy of the Board of Governors' Semiannual Agenda of Regulations—a report on the regulatory matters that the Board now has under consideration or anticipates considering over the next six months. The Semiannual Agenda is divided into three parts: (1) regulatory matters that the Board had considered during the previous six months on which final action has been taken; (2) regulatory matters that have been proposed for public comment and which require further Board consideration; and (3) regulatory matters that the Board may consider over the next six months. Comments regarding any of the agenda items may be submitted directly to the Board of Governors or to the Consumer Affairs and Bank Regulations Department of this Bank at any time over the next six months.

As a service to member banks, we are considering issuing the Board's Semiannual Agenda on a regular basis. If you would like your name to be put on a mailing list to receive future additions of the Agenda, please so advise the Circulars Division of this Bank by completing and returning the form below.

THOMAS M. TIMLEN,  
First Vice President.

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## FEDERAL RESERVE SYSTEM

### Board of Governors of the Federal Reserve System

### SEMIANNUAL AGENDA OF REGULATIONS

August 2, 1979 through February 1, 1980

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## FEDERAL RESERVE SYSTEM

### [ 12 CFR Chapter II ]

#### Semiannual Agenda of Regulations

**AGENCY:** Board of Governors of the Federal Reserve System.

**ACTION:** Semiannual Agenda.

**SUMMARY:** Pursuant to the Board's Statement of Policy Regarding Expanded Rulemaking Procedures, the Board anticipates having under consideration regulatory matters as indicated below during the period from August 2, 1979, through February 1, 1980.

**DATE:** Comments may be received any time during the next six months.

**ADDRESS:** Comments should be addressed to Theodore E. Allison, Secretary of the Board, Board of Governors of the Federal Reserve System, Washington, D.C. 20551.

**FOR FURTHER INFORMATION CONTACT:** (A staff contact for each item is indicated with the regulatory description below.)

**SUPPLEMENTARY INFORMATION:** The Board's Semiannual Agenda is divided into three sections. Section I reports those regulatory matters from the Board's last Semiannual Agenda (February 1 through August 1, 1979) on which final action has been taken; Section II reports on regulatory matters that have been proposed, and will involve further Board consideration; and Section III reports regulatory matters the Board may consider during the next six months. A double asterisk indicates those matters listed on the Board's previous Semiannual Agenda.

#### I. Regulatory Matters From the February 1 Through August 1, 1979 Semiannual Agenda On Which Final Action Has Been Taken

##### A. Regulatory Actions Resulting From Recent Legislation, or From Regulatory Decisions of Other Federal Agencies

###### \*\*1. Regulation: E (Electronic Fund Transfers)

**ACTION TAKEN:** In March 1979, the Board published final rules implementing two sections of the Electronic Fund Transfer Act. The sections, which took effect on February 8, 1979, limit the consumer's liability for unauthorized transfers and regulate the issuance of EFT access devices (44 FR 18468, March 28, 1979).

At the same time, the Board proposed for comment a rule that would require financial institutions to give certain disclosures before imposing upon consumers liability for unauthorized transfers. After consideration of public comments, the Board issued the rule in final form on June 13, 1979 (44 FR 33837).

**AUTHORITY:** Financial Institutions Regulatory and Interest Rate Control Act of 1978, Pub. L. 95-630, Title XX, Section 904.

**STAFF CONTACT:** Anne Geary, Assistant Director, Division of Consumer Affairs, (202-452-2761); Dolores S. Smith, Section Chief, Division of Consumer Affairs, (202-452-2412).

###### \*\*2. Regulation: F (Securities of Member State Banks)

**ACTION TAKEN:** In December 1978, the Board adopted amendments to Regulation F (effective January 29, 1979) as required by the Securities Exchange Act to make the regulation substantially similar to regulations of the Securities and Exchange Commission (43 FR 60549, December 28, 1979).

**AUTHORITY:** Securities Exchange Act of 1934, 15 U.S.C. 78(i).

**STAFF CONTACT:** Richard M. Whiting, Attorney, Legal Division, (202-452-3876); Thomas A. Sidman, Assistant Director, Division of Banking Supervision and Regulation, (202-452-3503)

###### \*\*3. Regulation:—Statement of Customer Rights Required Under Title XI (Right to Financial Privacy) of the Financial Institutions Regulatory and Interest Rate Control Act

**ACTION TAKEN:** In February 1979, the Board issued for public comment a Statement of Customer's Rights, as required by the Right to Financial Privacy Act. On March 7, 1979, the requirement was repealed, and the Board published a notice of withdrawal of its proposed statement (44 FR 13584, March 12, 1979).

**AUTHORITY:** Financial Institutions Regulatory and Interest Rate Control Act of 1978, Pub. L. 95-630, Title XI, Section 1104(d); repealed by Pub. L. 96-3.

**STAFF CONTACT:** MaryEllen A. Brown, Senior counsel, Legal Division, (202-452-3608).

##### B. Actions Intended To Reduce Regulatory Burden or To Clarify Existing Regulations. (None)

##### C. Other Regulatory Activity

###### \*\*1. Regulation: B (Equal Credit Opportunity)

**ACTION TAKEN:** Following public comment on three amendments to broaden the scope of Regulation B, the Board in April 1979 adopted a proposal relating to one of them—the definition of "creditor" (44 FR 23813, April 23, 1979). The amendment clarifies that Regulation B covers persons, such as real estate brokers, home builders, and automobile dealers, who regularly refer applicants or prospective applicants to creditors, or who select or offer to select creditors to whom requests for credit may be made. The other proposals published for comment will be considered in the Board's review of Regulation B pursuant to its regulatory improvement project.

**AUTHORITY:** Equal Credit Opportunity Act, 15 U.S.C. 1691 et seq.

**STAFF CONTACT:** Dolores S. Smith, Section Chief, Division of Consumer Affairs, (202-452-2412); Robert C. Plows, Section Chief, Division of Consumer Affairs, (202-452-3667).

###### \*\*2. Regulation: Q (Interest on Deposits)

**ACTION TAKEN:** In response to a request by several members of the Congress that the advertising and promotional restrictions on NOW accounts be dropped, it was decided that, notwithstanding the Board's sympathy toward the goal of extending the benefits of NOW accounts to potential depositors throughout the nation and removing artificial barriers that limit competition, such restrictions should remain in place at this time.

**AUTHORITY:** Federal Reserve Act, 12 U.S.C. 371b.

**STAFF CONTACT:** Anthony F. Cole, Attorney, Legal Division, (202-452-3711).

###### \*\* 3. Regulation: Y (Bank Holding Companies)

**ACTION TAKEN:** In February 1979, the Board adopted a proposed amendment to Regulation Y that would permit bank holding companies and their nonbank subsidiaries to sell, at retail, money orders and similar instruments, travelers checks, U.S. Savings Bonds and consumer-oriented financial management courses (44 FR 12019, March 5, 1979).

**AUTHORITY:** Bank Holding Company Act, 12 U.S.C. 1843(c)(8).

**STAFF CONTACT:** James McAfee, Senior Attorney, Legal Division, (202-452-3707).

###### \*\* 4. Regulations:—Consolidation and revision of the Board's international banking regulations: Regulation K (Corporations Engaged in International



**Banking and Financing Under the Federal Reserve Act), Regulation M (Foreign Activities of National Banks), and Parts of Regulation Y (Bank Holding Companies)**

**ACTION TAKEN:** In June 1979, the Board adopted a revised Regulation K governing the international operations of United States banks (44 FR 36005, June 20, 1979). The new regulation, known as International Banking Operations, supersedes Regulations K, M, and parts of Regulation Y.

**AUTHORITY:** International Banking Act, 92 Stat. 607. Federal Reserve Act, 12 U.S.C. 601 and 615. Banking Holding Company Act, 12 U.S.C. 1844.

**STAFF CONTACT:** C. Keefe Hurley, Jr., Senior Attorney, Legal Division, (202-452-3269).

**II. Regulatory Matters That Have Been Proposed and Will Involve Further Board Consideration**

**A. Regulatory Actions Resulting From Recent Legislation, or From Regulatory Decisions of Other Federal Agencies**

**\*\* 1. Regulation: D (Reserves of Member Banks) and Q (Interest on Deposits)**

**ACTION TAKEN:** In July 1979, the Board, pursuant to provisions of the International Banking Act (IBA), approved publishing for public comment proposed amendments to Regulations D and Q to make United States branches and agencies of foreign banks subject to reserve requirements and interest rate ceilings currently applicable to member banks. The Board's proposals to implement the provisions of IBA will facilitate the conduct of monetary policy and will promote fair competition by treating branches and agencies like member banks to the fullest extent possible. The Board will review the comments received on the draft amendments and is expected to take final action within the next six months.

**AUTHORITY:** International Banking Act, 12 U.S.C. 3105.

**STAFF CONTACT:** Edward C. Ettin, Deputy Staff Director, Office of Staff Director for Monetary and Financial Policy (202-452-3762).

**2. Regulation: E (Electronic Fund Transfers)**

**ACTION TAKEN:** In May 1979, the Board issued for public comment sections of Regulation E to implement those provisions of the Electronic Fund Transfer Act that become effective on May 10, 1980 (44 FR 25850, May 3, 1979). The proposals deal with disclosure of terms and conditions of EFT services, documentation of transfers, error

resolution procedures, and procedures of stopping payment of preauthorized transfers. The Board will review the comments received on the proposals and is expected to take final action within the next six months.

**AUTHORITY:** Financial Institutions Regulatory and Interest Rate Control Act of 1978, Pub. L. 95-630, Title XX, Section 904.

**STAFF CONTACT:** Dolores S. Smith, Section Chief, Division of Consumer Affairs, (202-452-2412).

**3. Regulation: F (Securities of Member State Banks)**

**ANTICIPATED ACTION:** In July 1979, the Board issued for public comment proposed amendments to certain portions of Regulation F concerning form and content of registration statements, annual reports and other periodic reports (44 FR 38543, July 2, 1979). These changes are required, in part, to make the Board's Regulation F substantially similar to regulations of the Securities and Exchange Commission. The incorporation by reference of instructions for the preparation of supervisory financial reports is an undertaking to reduce the reporting burden of registrant banks. The Board will review the comments received on the draft amendments and is expected to take final action on the proposal during the next six months.

**AUTHORITY:** Securities Exchange Act of 1934, 15 U.S.C. 78(i).

**STAFF CONTACT:** Thomas A. Sidman, Assistant Director, Division of Banking Supervision and Regulation, (202-452-3503); Richard M. Whiting, Senior Attorney, Legal Division, (202-452-3786).

**\*\* 4. Regulation: L (Management Official Interlocks)**

**ACTION TAKEN:** In June 1979, the Board and the other Federal agencies supervising federally insured depository institutions adopted final regulations under the Depository Institutions Management Interlocks Act that prohibit certain management official interlocks between depository organizations (44 FR 42212, July 19, 1979). The Board and the other agencies at the same time proposed clarifying amendments to the final regulations (1) to define the term "representative or nominee" under the Act, (2) to add provisions regarding grandfather rights and changes in circumstances, and (3) to request comment on the issue whether a corporation is a management official

under the Act. In addition the Board and the other agencies invited public comment on the final regulation; following review of the comments received on both the proposed amendments and the final regulation, the Board will determine during the next six months what further action should be taken.

**AUTHORITY:** Financial Institutions Regulatory and Interest Rate Control Act of 1978, Pub. L. 95-630, Title II, Section 209.

**STAFF CONTACT:** Bronwen Mason, Senior Attorney, Legal Division, (202-452-3564); John L. Walker, Attorney, Legal Division, (202-452-2418).

**\*\* 5. Regulation: O (Loans to Executive Officers of Member Banks)**

**ACTION TAKEN:** In February 1979, the Board adopted regulations to implement certain additional requirements imposed on loans by member banks to certain persons under the Financial Institutions Regulatory and Interest Rate Control Act of 1978 (44 FR 12959, March 9, 1979). The additional requirements relate to loans by a member bank to executive officers, directors and principal shareholders of the member bank and of its holding company affiliates. At the same time the Board invited public comment on the final regulation; following review of the comments received, the Board will determine during the next six months whether further action should be taken.

**AUTHORITY:** Financial Institutions Regulatory and Interest Rate Control Act of 1978, Pub. L. 95-630 Title I, Section 104.

**STAFF CONTACT:** James V. Mattingly, Assistant General Counsel, Legal Division, (202-452-3430); Michael Bleier, Senior Attorney, Legal Division, (202-452-3721).

**6. Regulation: T (Credit by Brokers and Dealers)**

**ANTICIPATED ACTION:** In December 1976 and April 1977, the Board issued for public comment a proposed amendment to Regulation T to permit options specialists to both purchase and sell short stock underlying the options in which they specialize, with a 25 percent margin requirement (41 FR 55552, December 21, 1976, and 42 FR 22894, May 5, 1977). The proposed amendment also recognizes exchange rules approved by the Securities and Exchange Commission which allow



trading in puts and calls by specialists on their specialty stock, and provides comparable relief for such hedging activities. The Board will review the comments received on the draft regulations and is expected to take final action on the proposal during the next six months.

**AUTHORITY:** Securities Exchange Act of 1934, 15 U.S.C. 78g.

**STAFF CONTACT:** Laura Homer, Chief Attorney, Securities Regulation, Division of Banking Supervision and Regulation, (202-452-2786); Theodore Prush, Senior Securities Regulation Analyst, Securities Regulation, Division of Banking Supervision and Regulation, (202-452-2781).

**\*\* 7. Regulation: Y (Bank Holding Companies)**

**ACTION TAKEN:** In February 1979, the Board adopted regulations to implement the Change in Bank Control Act, under which any person seeking to acquire control of any insured bank or bank holding company must provide 60 days' prior written notice to the appropriate Federal banking agency. At the same time the Board invited public comment on the final regulations (44 FR 7229, February 6, 1979); following review of the comments received, the Board will determine during the next six months whether further action should be taken.

**AUTHORITY:** Financial Institutions Regulatory and Interest Rate Control Act of 1978, Pub. L. 95-630, Title VI, Section 602.

**STAFF CONTACT:** James McAfee, Senior Attorney, Legal Division, (202-452-3707); Jack M. Egertson, Assistant Director, Division of Banking Supervision and Regulation, (202-452-3408).

**\*\*8. Regulation:—Initiatives required under Titles VIII (Correspondent Accounts) and IX (Disclosure of Material Facts) of the Financial Institutions Regulatory and Interest Rate Control Act**

**ACTION TAKEN:** In March 1979, the Board and Federal Deposit Insurance Corporation issued for public comment proposed regulations to implement the prohibitions pertaining to insider loans involving correspondent banking relationships under Title VIII and the reporting requirements contained in Title IX which relate to loans of insiders at their own banks. The Board will review the comments received on the

draft regulations and is expected to take final action on the proposal within the next six months by amending its Regulation O (Loans to Executive Officers of Member Banks).

**AUTHORITY:** Financial Institutions Regulatory and Interest Rate Control Act of 1978, Pub. L. 95-630, Title VIII, Section 801, and Title IX, Section 901.

**STAFF CONTACT:** Michael Bleier, Senior Attorney, Legal Division, (202-452-3721).

**B. Actions Intended To Reduce Regulatory Burden or To Clarify Existing Regulations**

**1. Regulation: B (Equal Credit Opportunity)**

**ANTICIPATED ACTION:** In April 1979, the Board, in response to requests for clarification, requested public comment on how the specific rules of Regulation B should apply to various credit scoring practices (44 FR 23865, April 23, 1979). The Board will review the comments received and determine during the next six months what regulatory action appears appropriate.

**AUTHORITY:** Section 703(a) of the Equal Credit Opportunity Act, 15 U.S.C. 1691b(a).

**STAFF CONTACT:** Dolores S. Smith, Section Chief, Division of Consumer Affairs, (202-452-2412).

**\*\*2. Regulation: Z (Truth in Lending)**

**ACTION TAKEN:** Based on response to a wide range of questions published for comment in January 1979, the Board in July 1979, invited public comment on specific regulatory changes to Regulation Z that would clarify the computation and disclosure of the annual percentage rate (APR) and several other credit terms. The Board will review the comments received on the draft amendments and is expected to take final action on the proposals during the next six months.

**AUTHORITY:** Truth in Lending Act, 15 U.S.C. 1604 and 1606.

**STAFF CONTACT:** Dolores S. Smith, Section Chief, Division of Consumer Affairs, (202-452-2412).

**\*\*3. Regulation: Z (Truth in Lending)**

**ACTION TAKEN:** In August 1978, the Board issued for public comment a proposed interpretation of Regulation Z regarding an interest reduction on a time deposit used to secure a loan (43 FR 38849, August 31, 1978). Under Regulation Q, Interest on Deposits, the interest rate on a loan secured by a deposit must be at least 1% above the

interest rate paid on the deposit. Where a state usury ceiling makes it necessary for a creditor to lower the interest on the deposit in order to maintain the rate differential required by Regulation Q, the proposed interpretation will require disclosure of the reduction, but the amount need not be included as part of the "finance charge." The Board will review the comments received on the proposed interpretation and is expected to take final action during the next six months.

**AUTHORITY:** Truth in Lending Act, 15 U.S.C. 1604.

**STAFF CONTACT:** Dolores S. Smith, Section Chief, Division of Consumer Affairs, (202-452-2412).

**4. Regulation: Y (Bank Holding Companies)**

**ANTICIPATED ACTION:** Following a review of its policies toward foreign bank holding companies, in April 1979 the Board issued for public comment a change in the definition of "foreign bank holding company" for purposes of section 4(c)(9) of the Bank Holding Company Act and section 225.4(g) of Regulation Y (44 FR 24864, April 27, 1979). Under current regulations, foreign bank holding companies are afforded certain exemptions from the nonbanking prohibitions applicable to bank holding companies. The proposed rule would amend the definition of "foreign bank holding company" to include only those foreign organizations principally engaged in banking outside the United States. The Board will review the comments received on the proposed amendment and is expected to take final action during the next six months.

**AUTHORITY:** Bank Holding Company Act (12 U.S.C. 1844). International Banking Act (92 Stat. 607).

**STAFF CONTACT:** C. Keefe Hurley, Jr., Senior Attorney, Legal Division, (202-452-3269).

**C. Other Regulatory Activity**

**\*\* 1. Regulation: B (Equal Credit Opportunity)**

**ACTION TAKEN:** In July 1978, the five Federal financial regulatory agencies—Comptroller of the Currency, Federal Deposit Insurance Corporation, Federal Home Loan Bank Board, National Credit Union Administration, and the Federal Reserve Board—issued for public comment proposed uniform guidelines for enforcement of the Equal Credit Opportunity and Fair Housing Acts (43 FR 29256, July 6, 1978). The guidelines specify the kind of corrective action a



creditor will be required to take for violations of the more substantive provisions of the Equal Credit Opportunity Act (Regulation B) and the Fair Housing Act. The agencies will review the comments received on the draft guidelines and are expected to take final action on the proposals during the next six months.

**AUTHORITY:** Equal Credit Opportunity Act, 15 U.S.C. 1691, *et seq.* Federal Deposit Insurance Act, 12 U.S.C. 1818(b).

**STAFF CONTACT:** Jerauld C. Kluckman, Associate Director, Division of Consumer Affairs, (202-452-3401).

## **2. Regulation: D (Reserves of Member Banks)**

**ACTION TAKEN:** In April 1979, the Board issued for public comment a proposed amendment to Regulation D to apply a 3 percent reserve requirement to member banks on certain borrowings from nonmember banks, other depository institutions and the United States government and to certain repurchase agreements involving U.S. government and agency securities (44 FR 23868, April 23, 1979).

The purpose of the proposal is to establish more effective control over growth of bank credit. The Board will review the comments received on the draft amendment and determine during the next six months whether further action should be taken.

**AUTHORITY:** Federal Reserve Act, 12 U.S.C. 461(a) and (b).

**STAFF CONTACT:** Gilbert T. Schwartz, Assistant General Counsel, Legal Division, (202-452-3623).

## **3. Regulation: E (Electronic Fund Transfers)**

**ACTION TAKEN:** In May 1979, the Board issued for public comment a proposed amendment to Regulation E to provide that written notice of loss or theft of an access device or possible unauthorized electronic fund transfers is effective at the time the consumer mails or otherwise sends the notice to the financial institution (44 FR 30690, May 29, 1979). This amendment is proposed to give interested parties an opportunity to comment on the benefits and costs associated with the proposed change. The Board will review the comments received on the proposed amendment and is expected to take final action within the next six months.

**AUTHORITY:** Financial Institutions Regulatory and Interest Rate Control Act of 1978, Pub. L. 95-630, Title XX, Section 904.

**STAFF CONTACT:** Lynn B. Barr, Senior Attorney, Division of Consumer Affairs (202-452-2412).

## **\*\*4. Regulation: H (Membership of State Banking Institutions in the Federal Reserve System)**

**ACTION TAKEN:** In April 1977, the Board issued for public comment a proposal to amend Regulation H to prohibit State member banks from purchasing loans on improved real estate or mobile homes located in flood hazard areas if the property is not covered by flood insurance (42 FR 20815, April 22, 1977). This proposal was issued under the Flood Disaster Protection Act, as amended, which presently requires flood insurance on improved real estate that secures a loan if the property is located in a flood hazard area of a community that participates in the National Flood Insurance Program. The comments received on the proposed amendments have been reviewed by staff, and it is expected that the Board will take final action during the next six months.

**AUTHORITY:** Flood Disaster Protection Act, 42 U.S.C. 4012a(b) and 4128.

**STAFF CONTACT:** John L. Walker, Attorney, Legal Division, (202-452-2418).

## **\*\* 5. Regulation: H (Membership of State Banking Institutions in the Federal Reserve System)**

**ACTION TAKEN:** In June 1979, the Board adopted amendments to Regulation H to require that State member banks that effect certain securities transactions for customers provide confirmation and maintain records with respect to such transactions (44 FR 43256, July 24, 1979). At the same time the Board invited public comment on areas dealing with confirmation requirements as they apply to transactions in U.S. Government, federal agency and municipal securities and on the bank officers and employees reporting requirements as they apply to transactions in U.S. Government or federal agency obligations. Following review of the comments received, the Board will determine during the next six months what further action should be taken.

**AUTHORITY:** Federal Reserve Act, 12 U.S.C. 248(a) and (i), and 321. Federal Deposit Insurance Act, 12 U.S.C. 1818(b).

**STAFF CONTACT:** Robert S. Plotkin, Assistant Director, Division of Banking Supervision and Regulation, (202-452-2782); Robert A. Wallgren, Chief, Trust Activities Program, Division of Banking

Supervision and Regulation, (202-452-2717).

## **\*\*6. Regulation: J (Collection of Checks and Other Items and Transfers of Funds)**

**ACTION TAKEN:** In January 1976, the Board issued for public comment proposals to amend Regulation J to deal with clearing and settlement of wire transfers and payment instructions recorded on magnetic tape (41 FR 3097, January 21, 1976). On June 16, 1977, the Board adopted Subpart B of Regulation J dealing with wire transfer operations only, and determined to adopt amendments regarding automated clearing house (ACH) operations at a later date (Subpart C of Regulation J). The purpose of proposed Subpart C will be to set forth a system of rights and responsibilities governing the receipt and use of Federal Reserve electronic clearing and settlement services through automated clearing houses. At the present time individual agreements are in place with each of the 32 automated clearing house associations. This proposal is needed in view of the continuing increase in the volume of ACH transactions and the benefits that would be derived from the establishment of a uniform set of rules and responsibilities applicable to all participants in Federal Reserve ACH operations. It is anticipated that the Board will consider issuing during the next six months a revised proposal before taking any final action.

**AUTHORITY:** Federal Reserve Act, 12 U.S.C. 248 (i)(j) and (o), 342 and 360.

**STAFF CONTACT:** Lee S. Adams, Attorney, Legal Division, (202-452-3594).

## **\*\*7. Regulation: J (Collection of Checks and Other Items and Transfers of Funds)**

**ACTION TAKEN:** In April 1979, the Board requested public comment on the handling by Federal Reserve Banks of payment instruments that are not payable on demand (44 FR 24929, April 27, 1979). After consideration of the comments received, the Board will consider issuing for public comment during the next six months an amendment to Regulation J dealing with the treatment by Federal Reserve Banks in their check collection procedures of such instruments. This proposal will be considered in view of a recent court case in the Commonwealth of Pennsylvania where State-chartered savings banks are authorized to issue to their depositors noninterest bearing negotiable orders of withdrawal (NINOWs). The Pennsylvania Supreme



Court Recently determined that these instruments are not payable on demand, and thus Regulation J needs to be amended if Reserve Banks are to continue to collect these as cash items.

**AUTHORITY:** Federal Reserve Act, 12 U.S.C. 248(i), 248(o), 342, and 360.

**STAFF CONTACT:** Lee S. Adams, Senior Attorney, Legal Division, (202-452-3694).

**\*\*8. Regulation: Y (Bank Holding Companies)**

**ACTION TAKEN:** In March and May 1978, the Board issued for public comment proposals to amend its Regulation Y relating to permissible insurance activities for bank holding companies (43 FR 14970, April 10, 1978 and 43 FR 23588, May 31, 1978). These proposals would conform the regulation with the federal court decision, *Alabama Association of Insurance Agents v. Board of Governors of the Federal Reserve System*, 553 F. 2d 224 (5th Cir. 1976), rehearing denied, 558 F. 2d 729 (1977), cert. denied 435 U.S. 904 (1978). The Board will review the comments received on the draft amendments and is expected to take final action during the next six months.

**AUTHORITY:** Bank Holding Company Act, 12 U.S.C. 1843(c)(8).

**STAFF CONTACT:** Richard M. Whiting, Attorney, Legal Division, (202-452-3786).

**\*\*9. Regulation: Z (Truth in Lending)**

**ACTION TAKEN:** In February 1979, the Board proposed to suspend an amendment and interpretation of Regulation Z which reduced the obligation of creditors to provide a right of rescission for each transaction under open end accounts secured by consumers' residences (44 FR 9761, February 15, 1979). Comment was also requested on whether the amendment should be modified or repealed. This action was taken because when the amendment was initially proposed for comment, some interested parties may not have been aware of the proposal. The Board will review the comments received on the draft proposal and determine what further action should be taken.

**AUTHORITY:** Truth in Lending Act, 15 U.S.C., Section 1604.

**STAFF CONTACT:** Gerald C. Kell, Section Chief, Division of Consumer Affairs, (202-452-3867).

**III. Regulatory Matters the Board May Consider During the Next Six Months**

**A. Regulatory Actions Resulting From Recent Legislation, or From Regulatory Decisions of Other Federal Agencies**

**\*\*1. Regulation: AA (Unfair or Deceptive Acts and Practices)**

**ANTICIPATED ACTION:** The Board is required by the Federal Trade Commission Act to adopt substantially similar trade regulation rules applicable to banks to those adopted by the FTC with regard to other creditors. The Board will consider issuing for public comment a new proposal to adopt a rule governing the preservation of consumers' claims and defenses (commonly known as the "creditor holder in due course rule") in response to a rule proposed by the FTC. The Board's rule was originally proposed on February 17, 1976 (41 FR 7110, February 17, 1976) before Regulation AA was adopted; the Board would consider the revised proposal as an amendment to Regulation AA. This proposal would require the insertion in certain credit contracts of a notice preserving a consumer's claims and defenses against a seller of goods or services against all holders of the contract. It is expected that the FTC will consider its proposed creditor rule on or about October 1, 1979.

**AUTHORITY:** Federal Trade Commission Act, 15 U.S.C. 18f.

**STAFF CONTACT:** Lynne B. Barr, Senior Attorney, Division of Consumer Affairs, (202-452-2412).

**\*\*2. Regulation:—Proposal to be made part of the new Board regulation governing International banking operations (Regulation K, International Banking Operations)**

**ANTICIPATED ACTION:** Under the International Banking Act (IBA), the Board will consider issuing for public comment proposals relating to (a) nonbanking activities of foreign bank holding companies, and (b) criteria for selection of a "home State" by foreign banks with U.S. offices. The IBA subjects foreign banks with U.S. banking offices to the Bank Holding Company Act. The Act provides an exemption from the nonbanking prohibitions of the Bank Holding Company Act for certain qualifying foreign banks. That exemption would be the subject of Board regulation. The IBA also provides for the determination of a foreign bank's "home State." Criteria for determining a foreign bank's home State and

procedures for changing the home State once it is determined require Board regulation.

**AUTHORITY:** International Banking Act of 1978, 92 Stat. 607. Bank Holding Company Act, 12 U.S.C. 1844.

**STAFF CONTACT:** C. Keefe Hurley, Jr., Senior Attorney, Legal Division, (202-452-3269).

**\*\*3. Regulation:—Rule writing required under Title XI (Right to Financial Privacy) of the Financial Institutions Regulatory and Interest Rate Control Act**

**ANTICIPATED ACTION:** The Board will consider issuing for public comment proposed new regulations to implement Title XI which provides for reimbursement to financial institutions for reasonably necessary and direct costs incurred in providing customers' financial records to Federal agencies. The regulation would establish the rates and conditions for reimbursement to financial institutions including banks, savings banks, credit card issuers, industrial loan companies, trust companies, savings and loan associations, building and loan associations, homestead associations, cooperative banks, credit unions, and consumer finance companies.

**AUTHORITY:** Financial Institutions Regulatory and Interest Rate Control Act, Pub. L. 95-630, Title XI, Section 1115.

**STAFF CONTACT:** MaryEllen A. Brown, Senior Counsel, Legal Division, (202-452-3608).

**B. Actions Intended To Reduce Regulatory Burden or To Clarify Existing Regulations**

**1. Regulation: K (International Banking Operations)**

**ANTICIPATED ACTION:** The Board will consider republishing for comment a proposal that would permit Edge Corporations to provide full banking services to a limited class of customers. Pursuant to the International Banking Act, a similar proposal was published for comment in February 1979, (44 FR 10509, February 21, 1979) to improve the competitive position of Edge Corporations.

**AUTHORITY:** International Banking Act of 1978, 92 Stat. 607. Federal Reserve Act, 12 U.S.C. 601 and 615.

**STAFF CONTACT:** C. Keefe Hurley, Jr., Senior Attorney, Legal Division, (202-452-3269).



## **2. Regulation: T (Credit by Brokers and Dealers)**

**ANTICIPATED ACTION:** In response to a request by the Investment Company Institute, Washington, D.C., the Board will consider issuing for public comment a proposed amendment to Regulation T to permit brokers and dealers to extend and maintain credit on securities issued by open-end investment companies that are registered under the Investment Company Act of 1940. Such an amendment would remove the competitive disadvantage presently placed upon brokers as compared to banks and other lenders.

**AUTHORITY:** Securities Exchange Act of 1934, 15 U.S.C. 78g.

**STAFF CONTACT:** Laura Homer, Chief Attorney, Securities Regulation, Division of Banking Supervision and Regulation, (202-452-2786); Patsy Abell, Senior Attorney, Securities Regulation, Division of Banking Supervision and Regulation, (202-452-2781).

## **\*\*3. Regulation: Rules of Practice for Formal Hearings**

**ANTICIPATED ACTION:** The Board will consider revising its Rules of Procedure for Formal Hearings to simplify and clarify the rules applicable to formal administrative hearings conducted pursuant to section 554 of the Administrative Procedure Act. The proposed revision of the Rules would also expand the coverage of the Rules to cover administrative proceedings required by certain provisions of the Financial Institutions Regulatory and Interest Rate Control Act of 1978 (FIRA). In particular, procedures would be established governing the imposition of civil money penalties authorized by FIRA for violations of provisions of the Federal Reserve Act, Bank Holding Company Act, and certain other statutes administered by the Board. Procedures will also be established governing cease and desist, removal, and suspension actions under the amendments made by FIRA to the Financial Institution Supervisory Act, 12 U.S.C. 1818(b) *et seq.* Pursuant to the authority of 5 U.S.C. 553, it is not anticipated that these proposals will be issued for public comment.

**AUTHORITY:** Federal Reserve Act, 12 U.S.C. 248(i).

**STAFF CONTACT:** James V. Mattingly, Assistant General Counsel, Legal Division, (202-452-3430); Michael Bleier, Senior Attorney, Legal Division, (202-452-3721).

## **4. Regulation: Rules Regarding Availability of Information**

**ANTICIPATED ACTION:** The Board will consider issuing for public comment certain amendments to its Rules Regarding Availability of Information in order to bring them into conformity with existing information disclosure law as it has developed since the regulation was last amended, and also in order to take advantage of the staff's experience working with the Freedom of Information Act.

**AUTHORITY:** Freedom of Information Act, 5 U.S.C., section 552.

**STAFF CONTACT:** Stephen L. Siciliano, Senior Attorney, Legal Division, (202-452-3920).

## **\*\*5. Regulatory Improvement Project**

**ANTICIPATED ACTION:** The Board's Regulatory Improvement Project involves, among other things, a substantive, zero-base review of all Federal Reserve regulations that affect the public to determine (1) the fundamental objectives of the regulation and the extent to which it is meeting current policy goals, (2) nonregulatory alternatives that would accomplish the objectives, (3) costs and benefits of the regulation, (4) unnecessary burdens imposed by the regulation, and (5) the clarity of the regulation.

During the past six months, review was completed on Regulation K (International Banking Operations), L (Management Official Interlocks), M (Foreign Activities of National Banks), S (Bank Service Arrangements), and V (Loan Guarantees for Defense Production).

Over the next six months revisions likely to be considered by the Board will include, but are not necessarily limited to: Regulation A (Extensions of Credit by Federal Reserve Banks), B (Equal Credit Opportunity), D (Reserves of Member Banks), F (Securities of Member State Banks), G (Securities Credit by Persons Other than Banks, Brokers or Dealers), I (Issue and Cancellation of Capital Stock of Federal Reserve Banks), J (Collection of Checks and Other Items and Transfers of Funds), N (Relations with Foreign Banks and Bankers), O (Loans to Executive Officers of Member Banks), P (Minimum Security Devices and Procedures for Federal Reserve Banks and State Member Banks), Q (Interest on Deposits), R (Relationships with Dealers in Securities

under Section 32, Banking Act of 1933), T (Credit by Brokers and Dealers), U (Credit by Banks for the Purpose of Purchasing or Carrying Margin Stocks), X (Rules Governing Borrowers Who Obtain Securities Credit), Y (Bank Holding Companies), and Z (Truth in Lending). Requests for public comment on proposals concerning many of these regulations will be made over the coming six months.

**STAFF CONTACT:** Richard H. Puckett, Manager, Regulatory Improvement Project, (202-452-3742).

## **C. Other Regulatory Activity**

### **\*\*1. Regulation: H (Membership of State Banking Institutions in the Federal Reserve System)**

**ANTICIPATED ACTION:** The Board will consider issuing for public comment an amendment to Regulation H to implement section 28(e) of the Securities Exchange Act of 1934 which requires any person (including a bank) who exercises investment discretion with respect to an account to disclose his policies and practices with respect to commissions that will be paid for effecting securities transactions. The amendment would prescribe the manner and frequency of making such disclosures by State member banks. Similar regulations are expected to be considered by the Comptroller of the Currency and the Federal Deposit Insurance Corporation.

**AUTHORITY:** Securities Exchange Act of 1934, 15 U.S.C. 78b(e)(2).

**STAFF CONTACT:** Robert S. Plotkin, Assistant Director, Division of Banking Supervision and Regulation, (202-452-2782); Robert A. Wallgren, Chief, Trust Activities Program, Division of Banking Supervision and Regulation, (202-452-2717).

### **\*\*2. Regulation: Q (Interest on Deposits)**

**ANTICIPATED ACTION:** The Board will consider issuing for public comment an amendment to its Regulation Q to require member and nonmember banks to make certain additional disclosures to depositors concerning savings and time deposit accounts. It is anticipated that the required disclosures, if proposed, would relate to the rate of interest and manner in which it is computed and paid, service charges that may be imposed, and withdrawal restrictions. This initiative is in response to consumer surveys and consumer



complaints alleging unfairness concerning certain practices engaged in by banks with regard to disclosure of terms relating to interest on deposits.

**AUTHORITY:** Federal Reserve Act, 12 U.S.C. 371b. Federal Trade Commission Act, 15 U.S.C. 41 *et seq.*

**STAFF CONTACT:** Anthony F. Cole,

Senior Attorney, Legal Division, (202-452-3711); Anne J. Geary, Assistant Director, Division of Consumer Affairs, (202-452-2761).

Comments on this agenda should be submitted in writing to the Secretary, Board of Governors of the Federal Reserve System, Washington, D.C. 20551.

Board of Governors of the Federal Reserve System, July 27, 1979.

**Theodore E. Allison,**  
*Secretary of the Board.*

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