

FEDERAL RESERVE BANK
OF NEW YORK

At Enc. no. 8760
February 22, 1980

BOARD OF GOVERNORS' SEMIANNUAL AGENDA OF REGULATIONS

To the Addressee:

Enclosed is a copy of the Board of Governors' Semiannual Agenda of Regulations for the period February 4, 1980 through August 1, 1980. The Semiannual Agenda provides you with information on those regulatory matters that the Board now has under consideration or anticipates considering over the next six months, and 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 that 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.

THOMAS M. TIMLEN,
First Vice President.

FEDERAL RESERVE SYSTEM

Board of Governors of the Federal Reserve System

SEMIANNUAL AGENDA OF REGULATIONS

February 4, 1980 through August 1, 1980

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FEDERAL RESERVE SYSTEM

12 CFR Ch. 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 February 4 through August 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 (August 2, 1979 through February 1, 1980) 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 in Sections II and III indicates those matters listed on the Board's previous Semiannual Agenda.

I. Regulatory Matters From the August 2, 1979 Through February 1, 1980 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. 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. The proposals dealt with disclosure of terms and conditions of EFT services, documentation of transfers, error resolution procedures, and procedures of stopping payment of preauthorized transfers. In October 1979, the Board adopted certain provisions of Regulation E dealing with initial and subsequent disclosures, preauthorized transfers from a consumer's account,

relation to state law, and administrative enforcement, among others (44 FR 59464, October 15, 1979). At that time the Board also published for further comment a revised proposal regarding error resolution procedures, documentation requirements, and miscellaneous other provisions. Based on the comments received, final rules implementing the remainder of the Act were adopted in January 1980.

Authority. Electronic Fund Transfer Act, 15 U.S.C. 1693b.

Staff contact. Dolores S. Smith, Section Chief, Division of Consumer and Community Affairs, (202-452-2412).

2. Rule writing required under Title XI (Right to Financial Privacy) of the Financial Institutions Regulatory and Interest Rate Control Act

Action taken. In September 1979, the Board adopted proposed Regulation S (Reimbursement to Financial Institutions for Assembling or Providing Financial Records) 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 (44 FR 55812, September 28, 1979).

Authority. Right to Financial Privacy Act—Cost Reimbursement, 12 U.S.C. 3415.

Staff contact. MaryEllen A. Brown, Senior Counsel, Legal Division, (202-452-3608).

3. 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 November 1979, the Board adopted proposed amendments to its Regulation O (Loans to Executive Officers, Directors and Principal Shareholders) 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 (44 FR 67973, November 28, 1979).

Authority. Correspondent Accounts and Disclosure of Material Facts, 12 U.S.C. 1817 and 1972.

Staff contact. Michael Bleier, Senior Counsel, Legal Division, (202-452-3721).

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

1. Z (Truth in Lending)

Action taken. Based on responses 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. In December 1979, the Board adopted amendments to Regulation Z together with revisions to Supplement I. The most important changes are: (1) adoption of a tolerance of $\frac{1}{8}$ of 1 percentage point in either direction from the exact annual percentage rate, in place of the existing rounding rule; (2) adoption of simplified rules for treating minor payment schedule variations; and (3) expansion of the protection available to creditors who have relied in good faith on faulty calculation tools. Although the new rules are effective on January 10, 1980, creditors need not comply with the revised provisions until October 1, 1980, and may instead continue to operate under the previous rules in the interim (44 FR 77139, December 31, 1979).

Authority. Truth in Lending Act, 15 U.S.C. 1604 and 1606.

Staff contact. Dolores S. Smith, Section Chief, Division of Consumer and Community Affairs, (202-452-2412).

2. Rules of Practice for Formal Hearings

Action taken. In October 1979, the Board revised 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 (44 FR 56685, October 2, 1979). The revision also expanded 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). Pursuant to the authority of 5 U.S.C. 553, these proposals were not 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 Counsel, Legal Division, (202-452-3721).

C. Other Regulatory Activity

1. D (Reserves of Member Banks)

Action taken. Following public comment on 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, the Board in October 1979, adopted the

proposal in part when it imposed marginal reserve requirements on managed liabilities of institutions subject to reserve requirements (44 FR 60071, October 18, 1979).

Authority. Federal Reserve Act, 12 U.S.C. 461(a) and (b).

Staff contact. Gilbert T. Schwartz, Assistant General Counsel, Legal Division (202-452-3625).

2. E (Electronic Fund Transfers)

Action taken. In August 1979, the Board adopted an 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 46432, August 8, 1979).

Authority. Electronic Fund Transfer Act, 15 U.S.C. 1693b.

Staff contact. Lynne B. Barr, Senior Attorney, Division of Consumer and Community Affairs, (202-452-2412).

3. 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. 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 in December 1979, adopted a final rule substantially similar to that adopted in June 1979 (44 FR 76481, December 27, 1979).

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).

4. Z (Truth in Lending)

Action taken. In September 1979, the Board revoked 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 consumer's residences (44 FR 55553, September 27, 1979). The revocation will be effective March 31, 1980.

Authority. Truth in Lending Act, 15, U.S.C. Section 1604.

Staff contact. Robert S. Plows, Assistant Director, Division of Consumer and Community Affairs, (202-452-3667).

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. D (Reserves of Member Banks) 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 (44 FR 44876, July 31, 1979). 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. F (Securities of Member State Banks)

Action taken. In December 1979, the Board issued for public comment proposed amendments to certain portions of Regulation F concerning form and content of financial statements included in registration statements, annual reports and other periodic reports (44 FR 76551, December 27, 1979). These changes are required, in part, to make the Board's Regulation F substantially similar to regulations of the Securities and Exchange Commission. Concurrently, the proposed 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, (202-452-3779).

* * 3. 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. Depository Institutions Management Interlocks Act, 12 U.S.C. 3207.

Staff contact. Bronwen Mason, Senior Attorney, Legal Division, (202-452-3564).

* * 4. 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. Section 22(h) of the Federal Reserve Act, 12 U.S.C. 375b.

Staff contact. James V. Mattingly, Assistant General Counsel, Legal Division, (202-452-3430).

**** 5. T (Credit by Brokers and Dealers)**

Action taken. In December 1976, April 1977, and August 1979 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, 42 FR 22894, May 5, 1977, and 44 FR 47775, August 15, 1979). The proposed amendment also recognizes exchange rules approved by the Securities and Exchange Commission which allow trading inputs 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 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. 78g.

Staff contact. Laura Homer, Chief Attorney; Theodore W. Prush, Senior Securities Regulation Analyst, Securities Regulation Section, Division of Banking Supervision and Regulation (202-452-2781).

**** 6. Y (Bank Holding Companies Change in Bank Control)**

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 whether further action should be taken.

Authority. Change in Bank Control Act of 1978, 12 U.S.C. 18176(j).

Staff contact. James McAfee, Senior Attorney, Legal Division, (202-452-3707); Jack M. Egerton, Assistant Director, Division of Banking Supervision and Regulation, (202-452-3408).

**** 7. Proposal to be made part of the new Board regulation governing international banking operations (Regulations K, International Banking Operations)**

Action taken. Under the International Banking Act (IBA), the Board in November 1979 issued for public comment proposals relating to the

selection of a "home State" by foreign banks with U.S. offices (44 FR 62903, November 1, 1979). The IBA 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. The Board will review the comments received on the draft proposals and is expected to take final action within the next six months.

Authority. International Banking Act of 1978, 12 U.S.C. 3101. Bank Holding Company Act, 12 U.S.C. 1844.

Staff contact. C. Keefe Hurley, Jr., Senior Counsel, Legal Division (202-452-3269).

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

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

Action taken. 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 decide within 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 and Community Affairs (202-452-2412).

**** 2. B (Equal Credit Opportunity)**

Action taken. In October 1978 the Board proposed for comment several amendments to the regulation. In April of 1979 one of the proposals was adopted (44 FR 23813, April 23, 1979). The amendment clarified that persons who regularly refer consumers to creditors were subject to the general proscriptions against discrimination but were not subject to the mechanical and recordkeeping provisions of the regulation. Three proposals have yet to be acted upon. These proposals would extend record-keeping and adverse action notification requirements to business loans of under \$100,000. Inquiries as to marital status of applicants would be prohibited in all business credit applications. It is expected that these matters will be considered by the Board during the next six months.

Authority. Equal Credit Opportunity Act, 15 U.S.C. 1691b.

Staff contact. Dolores S. Smith, Section Chief, Division of Consumer and Community Affairs, (202-452-2412).

**** 3. T (Credit By Brokers and Dealers)**

Action taken. In August 1979 the Board issued for public comment a proposed amendment to Regulation T to permit brokers and dealers to extend credit on fully paid for shares of open-end investment companies that are registered under the Investment Company Act of 1940. The amendment would remove the competitive disadvantage placed upon brokers and dealers as compared to banks and other lenders (44 FR 47776, August 15, 1979). Because of the restrictions contained in section 11(d)(1) of the Securities Exchange Act of 1934 a broker or dealer would not be permitted to extend credit on the initial purchase of such shares. The Board will review the comments received on the draft amendment 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. Patsy Abelle, Senior Attorney; Theodore W. Prush, Senior Securities Regulation Analyst, Securities Regulation Section, Division of Banking Supervision and Regulation, (202-452-2781).

****4. Y (Bank Holding Companies and Change in Bank Control)**

Action taken. 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 of 1978, 12 U.S.C. 3106.

Staff contact. C. Keefe Hurley, Jr., Senior Counsel, Legal Division, (202-452-3269).

****5. 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 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 and Community Affairs, (202-452-2412).

C. Other Regulatory Activity

**1. 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. Based on the comments received, the agencies are reviewing a revised draft and further action is expected within 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 and Community Affairs, (202-452-3401).

**2. 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 required flood insurance on improved real estate that secures a loan of 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. Daniel Rhoads, Attorney, Legal Division, (202-452-3711).

* * 3. J (Collection of Checks and Other Items and Transfers of Funds)

Action taken. In November 1979, the Board issued for public comment a proposed Subpart C to Regulation J. The purpose of proposed Subpart C is 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 36 automated clearing house associations for which the Federal Reserve provides clearing and settlement services. 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. The Board will review the comments received on the proposals and is expected to take final action within the next six months.

Authority. Federal Reserves Act, 12 U.S.C. 248(i)(j) and (o), 342 and 360.

Staff contact. Lee S. Adams, Senior Attorney, Legal Division, (202-452-3623).

* * 4. 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, (202-452-3623).

* * 5. Y (Bank Holding Companies and Change in Bank Control)

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). In November 1979, the Board acted upon the latter of these proposals by amending Regulation Y so as to (1) permit, under certain circumstances, bank holding companies to engage in the activity of selling general insurance in towns with a population of 5,000 or less, and (2) prohibit bank holding companies from acting as general insurance agent in towns with inadequate insurance agency facilities (44 FR 65051, November 9, 1979). The Board will consider taking final action on the former of the two proposals during the next six months.

Authority. Bank Holding Company Act, 12 U.S.C. 1843(c)(8).

Staff contact. Richard M. Whiting, Senior Attorney, Legal Division, (202-452-3779).

III. Regulatory Matters the Board May Consider During the Next 6 Months

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

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

Anticipated action: The Board is required by the Federal Trade Commission Act, subject to certain exceptions, to adopt trade regulation rules applicable to banks that are substantially similar 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 March 15, 1980.

Authority. Section 18(f) of Federal Trade Commission Act, 15 U.S.C. 41 *et seq.*

Staff contact. Dolores S. Smith, Section Chief; David A. Myers, Attorney, Division of Consumer and Community Affairs, (202-452-2412).

**** 2. 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 the nonbanking activities of foreign bank holding companies. A pending rulemaking proceeding would redefine the term "foreign bank holding company" and, thus, affect the eligibility of foreign organizations for exemptions from the nonbanking prohibitions of the Bank Holding Company Act. The IBA provides an exemption from the nonbanking prohibitions of the Bank Holding Company Act for certain qualifying banks. This exemption would permit foreign bank holding companies and foreign banks to engage in certain nonbanking activities indirectly in the United States and will be the subject of further Board regulation.

Authority. International Banking Act of 1978, 12 U.S.C. 3101. Bank Holding Company Act, 12 U.S.C. 1844.

Staff contact. C. Keefe Hurley, Jr., Senior Counsel, Legal Division, (202-452-3269).

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

**** 1. 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, 12 U.S.C. 3101. Federal Reserve Act, 12 U.S.C. 601 and 615.

Staff contact. C. Keefe Hurley, Jr., Senior Counsel, Legal Division, (202-452-3269).

2. Q (Interest on Deposits)

Anticipated action. In response to a request from the public, the Board will consider issuing for public comment an amendment to Regulation Q (and Regulation D, Reserves of Member Banks) to increase the amount that business organizations may maintain in savings accounts at member banks from the present ceiling of \$150,000. In considering this request, the Board will evaluate the potential effects such increases could have upon the conduct of monetary policy.

Authority. Federal Reserve Act, 12 U.S.C. 461(a) and (b) and 371b.

Staff contact. Gilbert T. Schwartz, Assistant General Counsel, Legal Division, (202-452-3625).

3. T (Credit by Brokers and Dealers)

Anticipated action. In response to requests from the New York Stock Exchange and the National Association of Securities Dealers, Inc., the Board will consider issuing for public comment proposed amendments to Regulation T regarding the time within which payment must be made for securities transactions in cash and margin accounts. The requested amendments would liberalize the time for payment provisions in the margin account and provide some flexibility to national securities exchanges or associations processing applications for extensions of time within which payment is due under the regulation.

Authority. Securities Exchange Act of 1934, 15 U.S.C. 78g.

Staff contact. Patsy Abelle, Senior Attorney; Theodore W. Prush, Senior Securities Regulation Analyst, Securities Regulation Section, Division of Banking Supervision and Regulation, (202-452-2781).

****4. 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. 552.

Staff contact. Stephen L. Siciliano, Senior Counsel, 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, reviews were completed of Regulation O (Loans to Executive Officers, Directors, and Principal Shareholders), and of methods of computation and disclosure of annual percentage rates under Regulation Z (Truth in Lending). Also, public comment was requested on a redrafted version of Regulation J (Collection of Checks and Other Items and Transfers of Funds).

Over the next six months revisions likely to be considered by the Board will include, but are not necessarily limited to: G (Securities Credit by Persons Other than Banks, Brokers or Dealers), H (Membership of State Banking Institutions in the Federal Reserve System), 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), P (Minimum Security Devices and Procedures for Federal Reserve Banks and State Member Banks), 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 Change in Bank Control), 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. 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 23(e) of the Securities Exchange Act of 1934 which authorizes Federal regulatory agencies to require a bank which exercises investment discretion with respect to an account to disclose its 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. Q (Interest on Deposits)**

Anticipated action. The Board has statutory authority to prohibit unfair or deceptive acts or practices engaged in by banks. The Board's staff currently is reviewing practices of banks that may be regarded as unfair or deceptive, including the failure to make adequate disclosure of account terms to depositors. This review will include consideration of whether additional regulation is necessary or advisable and consultation with the other financial regulatory agencies. The results of this review will be considered by the Board in determining whether it is appropriate to issue for public comment an amendment to its Regulation Q to require banks to make additional disclosures of account terms.

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, (202-452-3612); Dolores S. Smith, Section Chief, Division of Consumer and Community Affairs (202-452-2412).

3. T (Credit by Brokers and Dealers)

Anticipated action. In response to a request on behalf of a registered broker-dealer, the Board will consider whether it has the authority under the Securities Exchange Act of 1934 to amend Regulation T to permit the acceptance of bank depository receipts for gold by a broker or dealer to meet the margin requirements specified by the rule. The Board will also consider a possible amendment to section 220.6(j) of Regulation T regarding the use of foreign currency to meet margin requirements.

Authority. Securities Exchange Act of 1934, 15 U.S.C. 78g.

Staff contact. Laura Homer, Chief Attorney; Theodore W. Prush, Senior Securities Regulation Analyst, Securities Regulation Section, Division of Banking Supervision and Regulation (202-452-2781).

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, January 28, 1980.

Theodore E. Allison,

Secretary of the Board.

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