

**FEDERAL RESERVE BANK
OF NEW YORK**

[Circular No. 8790
April 3, 1980]

CREDIT RESTRAINT
Reports Under the Special Credit Restraint Program

*To All Member Banks, and Others Concerned,
in the Second Federal Reserve District:*

On March 14, 1980, the Board of Governors of the Federal Reserve System issued a new regulation entitled "Credit Restraint," Part 229 (previously referred to as Regulation CC), designed to help moderate and reduce inflationary forces in the United States economy. Part of the Credit Restraint Program is the Special Credit Restraint Program, which imposes a voluntary limit on the growth of loans during 1980. Reports on a monthly or quarterly basis are required of both banking and non-banking institutions in order to monitor compliance with the Program. Attached is a copy of Subpart D to Part 229, which mandates completion of the reports under the Program.

Questions on Subpart D may be directed to Raleigh M. Tozer, Senior Attorney, Legal Department (Tel. No. 212-791-5009). If those questions relate to banking institutions, they may be directed to Donald E. Schmid, Manager, Bank Analysis Department (Tel. No. 212-791-6611); if they relate to finance companies or the large corporations covered under the Program, they may be directed to Eugene P. Emond, Manager, Credit and Discount Department (Tel. No. 212-791-6146).

ANTHONY M. SOLOMON,
President.

Board of Governors of the Federal Reserve System

CREDIT RESTRAINT

SUBPART D—REPORTS UNDER SPECIAL
CREDIT RESTRAINT PROGRAM

(effective March 28, 1980)

AGENCY: Board of Governors of the Federal Reserve System.

ACTION: Final rule.

SUMMARY: Pursuant to the Credit Control Act (12 U.S.C. §§ 1901-1909) as implemented by Executive Order 12201, as part of its Special Credit Restraint Program issued on March 14, 1980, the Board has adopted provisions requiring monthly reports by large U.S. commercial banks, U.S. branches and agencies of foreign banks, finance companies, U.S. bank holding companies and certain selected corporations. In addition, small banks will be required to file similar reports on a quarterly basis. The purpose of this action is to enable the Board to monitor developments in the credit markets and compliance with the Program.

EFFECTIVE DATE: March 28, 1980.

FOR FURTHER INFORMATION CONTACT: Gilbert T. Schwartz, Assistant General Counsel (202/452-3625), Bronwen Mason, Senior Attorney (202/452-3564) Legal Division, or Eleanor J. Stockwell, Senior Deputy Associate Director (202/452-3651), Division of Research and Statistics, Board of Governors of the Federal Reserve System, Washington, D.C. 20551.

SUPPLEMENTARY INFORMATION: On March 14, 1980, the Board announced a Special Credit Restraint Program designed to encourage lenders and borrowers, in their individual credit decisions, to take specific account of the overall aims and quantitative objectives of the Federal Reserve in restraining growth in money and credit generally. The Program calls on domestic commercial banks and U.S. offices of foreign banks to maintain the growth of loans, particularly to U.S. residents, within specified guidelines. Finance companies, bank holding company affiliates and other lenders are asked to follow the general guidelines.

While compliance with the Program guidelines currently is on a voluntary basis, the Board indicated that it would monitor developments in the credit markets and compliance with the Program by instituting a reporting program, as authorized by section 1-104 of Executive Order 12201. Under this reporting program the affected lenders will be required to provide data periodically concerning types and amounts of outstanding loans and selected corporations will be required to provide data on certain types of borrowing. These reports must be furnished on forms prescribed by the Board, which may be obtained from the Federal Reserve Banks.

These actions are being taken in order to assist the Board to curb inflationary pressures. The Board believes that it is in the national interest to achieve this objective as quickly as possible, and that publication of this rule for comment or any delay in its effective date would prevent effective surveillance of domestic borrowing subject to the Special Credit Restraint Program, and that delay would frustrate the purpose of this regulation. The Board therefore finds for good cause that further notice, public procedure, and deferral of effective date provisions of 5 U.S.C. § 553(b) with regard to these actions are impracticable and contrary to the public interest.

Pursuant to its authority under the Credit Control Act (12 U.S.C. §§ 1901-1909) as implemented by Executive Order 12201 the Board hereby adopts Subpart D of its Credit Restraint Regulation (12 C.F.R. § 229) effective March 28, 1980, as follows:

SUBPART D—REPORTS UNDER SPECIAL
CREDIT RESTRAINT PROGRAM

SECTION 229.31—AUTHORITY,
PURPOSE AND SCOPE

(a) **Authority.** This Subpart is issued by the Board of Governors of the Federal Reserve

For this Regulation to be complete, retain:

- 1) Regulation pamphlet entitled "Credit Restraint," adopted effective March 14, 1980.
- 2) This slip sheet.

System pursuant to the Credit Control Act (12 U.S.C. §§ 1901-1909) as implemented by Executive Order 12201, dated March 14, 1980.

(b) **Purpose and Scope.** This Subpart implements the reporting provisions of the Board's Special Credit Restraint Program, announced on March 14, 1980, to enable the Board to monitor compliance with the Program, as well as developments in the credit markets.

SECTION 229.32—DEFINITIONS

For the purposes of this Subpart, the terms "Board," and "loan" shall have the meanings given them in the Credit Control Act. In addition, the following definitions apply:

(a) "Commercial bank" means any commercial bank chartered under the laws of the United States, including its overseas offices, branches, agencies and subsidiaries.

(b) "Family of offices of a foreign bank" means all branches and agencies located in the United States of a bank not chartered in the United States and its majority-owned bank subsidiaries not chartered in the United States.

(c) "Financial corporation" means any company chartered in the U.S. or having its principal place of business in the U.S., whose primary business is making loans or which is registered as a broker-dealer under the Securities and Exchange Act of 1934. A financial corporation does not include a commercial bank or bank holding company.

(d) "Nonfinancial corporation" means any company chartered in the U.S. or having its principal place of business in the U.S. that is not a financial corporation, commercial bank or bank holding company.

(e) "United States" means the United States, any of the 50 States of the United States and the District of Columbia.

(f) "U.S." means the United States, and its territories and possessions.

(g) "U.S. finance company" means a company chartered in the U.S. or having its principal place of business in the U.S., whose primary business is making loans for personal or business purposes. For the purposes of this definition, a finance company that is owned by a non-finance company parent (including a bank holding company) is regarded as a separate entity together with its finance company subsidiaries. A finance company does not include commercial banks, credit unions, savings and loan associations, cooperative banks, mutual savings banks or mortgage companies.

SECTION 229.33—MONTHLY REPORTS

(a) **Large commercial banks.** Each U.S. commercial bank having U.S. consolidated assets of \$1 billion or more shall file monthly with the Board a report on its activities on forms prescribed by the Board in accordance with the instructions thereto.

(b) **U.S. agencies and branches of foreign banks.** Each family of U.S. offices of a foreign bank having worldwide banking assets of more than \$1 billion monthly shall file with the Board a report on its activities on forms prescribed by the Board in accordance with the instructions thereto.

(c) **U.S. bank holding companies.** Each U.S. bank holding company with U.S. consolidated financial assets of \$1 billion or more shall file monthly with the Board a report on its activities on forms prescribed by the Board in accordance with the instructions thereto.

(d) **U.S. finance companies.** Each U.S. finance company with total business receivables outstanding (that is, all loans excluding those made for personal, family or household uses) of \$1 billion or more shall file monthly with the Board a report of its activities on forms prescribed by the Board in accordance with the instructions thereto.

(e) **Selected corporations.** Each financial corporation that has commercial paper outstanding of \$1 billion or more and each non-financial corporation having commercial paper outstanding of \$30 million or more or having annual worldwide revenues of \$2 billion or more shall file with the Board a monthly report on its activities on forms prescribed by the Board in accordance with the instructions thereto.

SECTION 229.34—QUARTERLY REPORTS BY SMALL COMMERCIAL BANKS

Each U.S. commercial bank with U.S. consolidated assets of \$300 million or more but less than \$1 billion shall file quarterly with the Board a report on its activities on forms prescribed by the Board in accordance with the instructions thereto.

SECTION 229.30—PENALTIES

For each willful violation of this Subpart, the Board may assess against any creditor, or officer, director or employee thereof who willfully participates in the violation, a maximum civil penalty of \$1,000. In addition, a maximum criminal penalty of \$1,000 or imprisonment of one year may be imposed for willful violation of this Subpart.