

AT8838

May 30, 1980

To the Addressee:

As indicated in this Bank's Circular No. 8838, we are enclosing copies of the text of the regulatory changes that reflect the actions taken on May 22, 1980, by the Board of Governors of the Federal Reserve System to modify its credit restraint program:

- (1) Amendment to Subpart A (Consumer Credit) of the Credit Restraint regulation, to reduce the special deposit requirement to an amount equal to 7-1/2 percent of the amount by which a creditor's outstanding covered credit during a month exceeds its base.
- (2) Amendment to Subpart B (Short Term Financial Intermediaries) of the Credit Restraint regulation, to decrease the special deposit ratio to 7-1/2 percent for creditors subject to this subpart.
- (3) Amendment to Subpart C (Nonmember Commercial Banks) of the Credit Restraint regulation, to decrease the special deposit ratio for nonmember commercial banks to 5 percent and to increase, generally, a covered bank's managed liabilities base.
- (4) Amendment to Subpart D (Reports) of the Credit Restraint regulation, to reduce the reporting burden under the program on commercial banks, U.S. branches and agencies of foreign banks, and on finance companies and bank holding companies, and to discontinue the reporting requirements for large corporate borrowers.
- (5) Amendment to Regulation D (Reserves of Member Banks), to decrease the marginal reserve requirement ratio, for member banks, Edge and Agreement Corporations, and certain U.S. branches and agencies of foreign banks, to 5 percent and to increase, generally, a covered institution's managed liabilities base.

Additional copies of the enclosures will be furnished upon request.

Circulars Division
FEDERAL RESERVE BANK OF NEW YORK

TITLE 12 -- BANKS AND BANKING

CHAPTER II -- FEDERAL RESERVE SYSTEM

SUBCHAPTER A -- BOARD OF GOVERNORS OF THE FEDERAL RESERVE SYSTEM

[Regulation D]

(Docket No. R-0304)

Part 204 -- RESERVES OF MEMBER BANKS

Marginal Reserve Requirements

AGENCY: Board of Governors of the Federal Reserve System.

ACTION: Final rule.

SUMMARY: On October 6, 1979, the Board of Governors amended Regulation D to establish an 8 per cent marginal reserve requirement on the amount by which the total of managed liabilities of member banks (and Edge and Agreement Corporations) and certain United States branches and agencies of foreign banks exceeds the amount of an institution's base of managed liabilities. On March 14, 1980, the Board acted to increase the marginal reserve requirement ratio from 8 to 10 per cent and to reduce an institution's managed liabilities base by the greater of 7 per cent or by the amount of reduction in an institution's gross loans to non-United States residents and balances due from foreign offices of other institutions. Based upon an evaluation of recent banking and other credit data, the Board has determined to decrease the marginal reserve requirement ratio to 5 per cent and, generally, to increase the managed liabilities base of an institution by 7-1/2 per cent.

EFFECTIVE DATE: This action is effective for marginal reserves required to be maintained during the seven-day period beginning June 12, 1980, against total marginal managed liabilities outstanding during the seven-day period beginning May 29, 1980.

FOR FURTHER INFORMATION CONTACT: Gilbert T. Schwartz, Assistant General Counsel (202/452-3625), or Paul S. Pilecki, Attorney (202/452-3281), Legal Division, Board of Governors of the Federal Reserve System, Washington, D. C. 20551.

SUPPLEMENTARY INFORMATION: On October 6, 1979, the Board of Governors amended Regulation D (12 CFR Part 204) to impose a marginal reserve requirement of 8 per cent on the amount by which the total managed liabilities of member banks (and Edge and Agreement Corporations) and United States branches and agencies of foreign banks with total worldwide consolidated bank assets in excess of \$1 billion exceeds the amount of the institution's managed liabilities outstanding during the base period (September 13-26, 1979) or \$100 million, whichever is greater (44 Fed. Reg. 60071).

[Ref. Cir. No. 8838]

On March 14, 1980, the Board acted to increase the marginal reserve ratio to 10 per cent and to adjust the base of managed liabilities (45 Fed. Reg. 17924). Managed liabilities include the total of (1) time deposits in denominations of \$100,000 or more with original maturities of less than one year; (2) Federal funds borrowings with original maturities of less than one year from U. S. offices of depository institutions not required to maintain Federal reserves and from U. S. government agencies; (3) repurchase agreements with original maturities of less than one year on U. S. government and agency securities entered into with parties other than institutions required to maintain Federal reserves; and (4) Eurodollar borrowings from foreign banking offices, asset sales to related foreign offices and member bank foreign office loans to U. S. residents. The purposes of these actions were to better control the expansion of bank credit, help curb speculative excesses in financial, foreign exchange and commodity markets and thereby serve to dampen inflationary forces.

Based upon an evaluation of recent banking and other credit data, the Board has determined to decrease the marginal reserve requirement ratio to 5 per cent. This reduction will take place for the reserve maintenance period beginning on Thursday, June 12, 1980. In addition, the Board has determined to adjust the base amount of managed liabilities for institutions subject to the marginal reserve requirement program. For the reserve computation period beginning May 29, 1980, if an institution was a net borrower of managed liabilities during the fourteen-day period ending September 26, 1979, its managed liabilities base shall be the lesser of its managed liabilities base for the reserve computation week ending May 21, 1980, as reported on line 8 of Form FR 2414d, multiplied times 1.075 or its daily average total managed liabilities during the fourteen-day period ending September 26, 1979. For example, if an institution has a reported managed liabilities base for the computation period ending May 21, 1980, of \$100 million, its new base would be \$107.5 million (107.5 per cent times \$100 million). However, if such institution's daily average total managed liabilities for the fourteen-day period ending September 26, 1979, was \$105 million, then the new managed liabilities base of such institution would be \$105 million, because the managed liabilities base cannot be increased above the September amount.

The managed liabilities base will continue to be reduced in computation periods after May 28, 1980, by the amount by which the institution's daily average of gross loans to non-United States residents and gross balances due from foreign offices of other institutions during the statement week is lower than the lowest daily average amount of such loans and balances outstanding during any statement week for the period from March 6, 1980 to May 28, 1980. The base for an institution that was a net borrower of managed liabilities during the base period (September 13-26, 1979), will not be reduced below \$100 million. The base will not change for an institution that was a net lender of managed liabilities during the period September 13-26, 1979.

In order to achieve the objectives of this action more quickly, the Board for good cause finds that the notice, public procedure, and deferral of effective date provisions of 5 U.S.C. § 553(b) with regard to this action is impracticable and contrary to the public interest.

These actions are taken pursuant to the Board's authority under sections 19, 25 and 25(a) of the Federal Reserve Act (12 U.S.C. §§ 461, 601 et seq.) and under section 7 of the International Banking Act of 1978 (12 U.S.C. § 3105).

Effective June 12, 1980, section 204.5 of Regulation D (12 CFR 204.5) is revised as follows:

§ 204.5 RESERVE REQUIREMENTS

* * * * *

(f) Marginal Reserve Requirements.

(1) Member banks. A member bank shall maintain a daily average reserve balance against its time deposits equal to 5 per cent of the amount by which the daily average of its total managed liabilities during the seven-day computation period ending eight days prior to the beginning of the corresponding seven-day reserve maintenance period exceeds the member bank's managed liabilities base as determined in accordance with subparagraph (3). * * *

(2) United States branches and agencies of foreign banks. A United States branch or agency of a foreign bank with total worldwide consolidated bank assets in excess of \$1 billion shall maintain a daily average reserve balance against its liabilities equal to 5 per cent of the amount by which the daily average of its total managed liabilities during the seven-day computation period ending eight days prior to the beginning of the corresponding seven-day reserve maintenance period exceeds the institution's managed liabilities base as determined in accordance with subparagraph (3). * * *

(3) Managed liabilities base. During the seven-day reserve computation period beginning May 29, 1980, and during each seven-day reserve computation period thereafter, the managed liabilities base of a member bank or a family of United States branches and agencies of a foreign bank ("family") shall be determined as follows:

(i) For a member bank or family that, on a daily average basis, is a net borrower of total managed liabilities during the fourteen-day base period ending September 26, 1979, its managed liabilities base shall be the lesser of the reported managed liabilities base for the reserve computation period ending May 21, 1980, (Form FR 2414d, line 8) multiplied times 1.075, or the daily average of its total managed liabilities during the fourteen-day period ending September 26, 1979. For each

computation period beginning after May 28, 1980, the managed liabilities base of a member bank or family shall be reduced during the computation period by the amount by which its lowest daily average of

- (A) gross loans to non-United States residents^{18/} and
- (B) gross balances due from foreign offices of other institutions^{19/} or institutions, the time deposits of which are exempt from the rate limitations of Regulation Q pursuant to § 217.3(g) thereof,^{20/}

outstanding during any computation period beginning after May 28, 1980, is lower than the lowest daily average amount of such loans and balances outstanding during any computation period between March 6, 1980, and May 28, 1980. The amount representing such difference shall be rounded to the next lowest multiple of \$2 million.

In no event will the managed liabilities base for an institution that was a net borrower of managed liabilities during the fourteen-day base period ending September 26, 1979, be less than \$100 million.

(ii) For a member bank or family that, on a daily average basis, is a net lender of total managed liabilities during the fourteen-day base period ending September 26, 1979, its managed liabilities base shall be the sum of its daily average negative total managed liabilities and \$100 million.

18/ A United States resident is: (a) Any individual residing (at the time the credit is extended) in any State of the United States or the District of Columbia; (b) any corporation, partnership, association or other entity organized therein ("domestic corporation"); and (c) any branch or office located therein of any other entity wherever organized. Credit extended to a foreign branch, office, subsidiary, affiliate or other foreign establishment ("foreign affiliate") controlled by one or more such domestic corporations will not be deemed to be credit extended to a United States resident if the proceeds will be used in its foreign business or that of other foreign affiliates of the controlling domestic corporation(s).

19/ Any banking office located outside the States of the United States and the District of Columbia of a bank organized under domestic or foreign law.

20/ A foreign central bank, or any international organization of which the United States is a member, such as the International Bank for Reconstruction and Development (World Bank), International Monetary Fund, Inter-American Development Bank, and other foreign international, or supranational entities exempt from interest rate limitations under § 217.3(g) (3) of Regulation Q (12 CFR 217.3(g) (3)).

Board of Governors of the Federal Reserve System

CREDIT RESTRAINT

AMENDMENTS TO SUBPARTS A, B, C, and D

(Modification of Credit Restraint Program)

[Docket No. R-0300]

Part 229 - Credit Restraint

[Subpart A]

Consumer Credit

AGENCY: Board of Governors of the Federal Reserve System.

ACTION: Final Rule.

SUMMARY: On March 14, 1980, the Board adopted a consumer credit restraint program (12 C.F.R. Part 229, Subpart A; 45 Fed. Reg. 17927, March 19, 1980) that requires certain creditors that extend certain types of consumer credit to maintain a special deposit with the Federal Reserve equal to 15% of the amount by which the creditor's outstanding covered credit during a month exceeds the creditor's base. The purpose of the program was to curb inflationary pressures in the economy by restraining the growth of consumer credit covered by the regulation through the imposition of the special deposit requirement. Recent trends in the growth of consumer credit indicate that modification of the Board's consumer credit regulation would be appropriate. The Board has therefore amended its consumer credit restraint regulation to reduce the special deposit requirement to an amount equal to 7 1/2% of the amount by which a creditor's outstanding covered credit during a month exceeds its base.

EFFECTIVE DATE: July 24, 1980.

FOR FURTHER INFORMATION CONTACT: Robert E. Mannion, Deputy General Counsel (202/452-3274); Gilbert T. Schwartz, Assistant General Counsel (202/452-3625); or Margaret L. Egginton, Attorney (202/452-3786); Legal Division, Board of Governors of the Federal Reserve System, Washington, D. C. 20551.

SUPPLEMENTARY INFORMATION: In adopting its consumer credit restraint regulation, pursuant to the Credit Control Act (12 U.S.C. §§ 1901-1909) as implemented by Executive Order 12201, the Board adopted 15% of a creditor's increase in covered credit as the required special deposit amount because the Board regarded that amount as appropriate to restrain the growth of covered credit. Since adoption of the regulation in mid-March, trends in consumer credit have led the Board to conclude that a reduction in the ratio to be applied in determining the special deposit

For this Regulation to be complete, retain:

- 1) Regulation pamphlet entitled "Credit Restraint," adopted effective March 14, 1980.
- 2) Subpart D, effective March 28, 1980.
- 3) Amendment to Subpart B, effective March 28, 1980.
- 4) Amendments to Subpart A, effective April 2, 1980 and April 14, 1980.
- 5) This slip sheet.

requirement is appropriate. Beginning with the special deposit for the month of June, 1980, which must be held during the period beginning July 24, 1980, the amount of the special deposit will be equal to 7 1/2% of the amount by which the creditor's outstanding covered credit during the month exceeds the creditor's base.

The Board believes that it is in the public interest to reduce the burden of its credit restraint program, while maintaining its effectiveness, as promptly as possible, and that publication of this rule for comment would not serve a useful purpose. The Board therefore for good cause finds that the notice and public procedure provisions of 5 U.S.C. § 553(b) with regard to this action are unnecessary and contrary to the public interest.

Pursuant to its authority under the Credit Control Act (12 U.S.C. § 1901-1901), as implemented by Executive Order 12201, the Board hereby amends 12 C.F.R. Part 229, Subpart A, effective July 24, 1980, by substituting the number "7½" for the number "15," so that the first sentence of § 229.4(a) reads as set forth below:

SECTION 229.4 - MAINTENANCE OF SPECIAL DEPOSIT

(a) Each covered creditor shall hold a non-interest bearing special deposit equal to 7 1/2 per cent of the amount by which the average amount of its covered credit outstanding during the month exceeds its base.

* * * * *

By order of the Board of Governors of the Federal Reserve System, effective May 22, 1980.

(Signed) Theodore E. Allison

Theodore E. Allison
Secretary of the Board

[SEAL]

(Docket No. R-0301)

PART 229--CREDIT RESTRAINT

[Subpart B]

Short Term Financial Intermediaries

AGENCY: Board of Governors of the Federal Reserve System.

ACTION: Final Rule.

SUMMARY: On March 14, 1980, the Board adopted this Subpart pursuant to the Credit Control Act (12 U.S.C. §§ 1901-1909) as implemented by Executive Order 12201 to restrain the expansion of short term credit through money market funds and other similar creditors. This Subpart subsequently was amended on March 28, 1980. Based upon an evaluation of recent credit data, the Board has determined to decrease the special deposit ratio from 15 per cent to 7-1/2 per cent for creditors subject to this Subpart.

EFFECTIVE DATE: This action is effective for special deposits required to be maintained during the seven-day maintenance period beginning June 30, 1980, for the computation period beginning June 16, 1980.

FOR FURTHER INFORMATION CONTACT: Gilbert T. Schwartz, Assistant General Counsel (202/452-3625), or Daniel L. Rhoads, Attorney (202/452-3711), Legal Division, Board of Governors of the Federal Reserve System, Washington, D.C. 20551.

SUPPLEMENTARY INFORMATION: On March 14, 1980, the Board adopted this Subpart pursuant to the Credit Control Act (12 U.S.C. §§ 1901-1909) as implemented by Executive Order 12201 to restrain the expansion of short term credit through money market funds and similar creditors (45 Fed. Reg. 17930). This Subpart subsequently was amended by the Board on March 28, 1980 (45 Fed. Reg. 23642). Based upon an evaluation of current credit data, the Board has determined to decrease the special deposit ratio from 15 per cent to 7-1/2 per cent for all creditors covered by this Subpart. The decreased ratio will be effective for special deposits required to be maintained during the maintenance period beginning June 30, 1980, for the computation period beginning June 16, 1980.

In order to achieve the objectives of this action more quickly, the Board for good cause finds that the notice and public procedure 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) the Board hereby amends Subpart B of its Credit Restraint regulation (12 C.F.R. Part 229) effective June 30, 1980, as follows:

1. In section 229.14(a) (1), by striking "15" and inserting in its place "7-1/2".

2. In section 229.14(b), by striking "15" and inserting in its place "7-1/2".

By order of the Board of Governors of the Federal Reserve System, May 23, 1980.

(Signed) Theodore E. Allison

Theodore E. Allison
Secretary of the Board

[SEAL]

(Docket No. R-0302)

PART 229--CREDIT RESTRAINT

[Subpart C]

Nonmember Commercial Banks

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 the Board adopted provisions on March 14, 1980, requiring commercial banks that are not members of the Federal Reserve System to maintain a non-interest bearing special deposit with the Federal Reserve equal to 10 per cent of the amount by which the total of managed liabilities of those banks exceeds the amount of such managed liabilities outstanding during a base period. Based upon an evaluation of recent banking and credit data, the Board has determined to decrease the special deposit ratio from 10 per cent to 5 per cent and increase, generally, an institution's managed liabilities base.

EFFECTIVE DATE: This amendment will be effective for the special deposit required to be maintained by nonmember commercial banks for the seven-day period beginning June 12, 1980, for the computation period beginning May 29, 1980.

FOR FURTHER INFORMATION CONTACT: Gilbert T. Schwartz, Assistant General Counsel (202/452-3625), Paul S. Pilecki, Attorney (202/452-3281), or Daniel L. Rhoads, Attorney (202/452-3711), Legal Division, Board of Governors of the Federal Reserve System, Washington, D.C. 20551.

SUPPLEMENTARY INFORMATION: On March 14, 1980, the Board adopted this Subpart pursuant to the Credit Control Act (12 U.S.C. §§ 1901-1909) as implemented by Executive Order 12201 (45 Fed. Reg. 17932). This Subpart requires commercial banks that are not members of the Federal Reserve System to maintain a special non-interest bearing deposit with the Federal Reserve equal to 10 per cent of the total by which managed liabilities of the nonmember bank exceeded the amount of such managed liabilities outstanding during a base period. Additionally, this Subpart requires a covered bank that was a net borrower of managed liabilities

during the fourteen-day base period ending March 12, 1980, to reduce its base by an adjustment for the reduction in its foreign lending from domestic offices. The adjustment for any given computation period is based on the difference between the sum of its gross loans to non-United States residents and gross balances due from foreign offices of other institutions, and the lowest gross total of such lending for any computation week beginning after March 19, 1980. That difference is then rounded down to the largest lower multiple of \$2 million and subtracted from the daily average of managed liabilities for the base period. This Subpart does not apply to United States branches and agencies of foreign banks with total world-wide consolidated bank assets in excess of \$1 billion that are subject to the Board's marginal reserve requirements (12 C.F.R. § 204.5(f)). Other United States branches and agencies of foreign banks are subject to this Subpart.

Based upon an evaluation of recent banking and credit data, the Board has determined to decrease the special deposit ratio for banks subject to this Subpart from 10 per cent to 5 per cent. The new 5 per cent deposit ratio will be effective for special deposits required to be maintained for the seven-day period beginning June 12, 1980. The corresponding computation period is the seven-day period beginning May 29, 1980.

The Board has also determined to allow certain covered banks to make a one-time only increase in their managed liabilities base. For a covered bank that was a net borrower of managed liabilities in excess of \$100 million on a daily average basis during the fourteen-day period ending March 12, 1980, its managed liabilities base will be increased by 7-1/2 per cent. The new base will be determined by multiplying the bank's base reported on line 8 of form F.R. 2412d for the computation period beginning May 15, 1980, by 1.075. However, a bank that was a net borrower of managed liabilities during the fourteen-day period ending March 12, 1980, whose base on March 12, 1980, was \$100 million may not increase its base.

The managed liabilities base will continue to be reduced in computation periods after May 28, 1980, by the amount by which the bank's daily average of gross loans to non-United States residents and gross balances due from foreign offices of other institutions during the statement week is lower than the lowest daily average amount of such loans and balances outstanding during the base period or any statement week for the period from March 13, 1980 to May 28, 1980. The base for an institution that was a net borrower of managed liabilities during the base period (February 28 - March 12, 1980) will not be reduced below \$100 million.

The base will not change for a bank that was a net lender of managed liabilities during the period February 28 - March 12, 1980.

In order to achieve the objectives of this action more quickly, the Board for good cause finds that the 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), the Board hereby amends Subpart C of its Credit Restraint regulation (12 C.F.R. Part 229) effective June 12, 1980, as follows:

SECTION 229.24--MAINTENANCE OF SPECIAL DEPOSIT

(a) During the seven-day maintenance period beginning June 12, 1980, and each deposit maintenance period thereafter, each covered bank shall maintain a non-interest bearing special deposit equal to 5 per cent of the amount by which the daily average of its total managed liabilities during the seven-day computation period ending eight days prior to the beginning of the corresponding seven-day maintenance period exceeds its managed liabilities base as determined in accordance with paragraph (b).
* * *

(b) Managed liabilities base. During the seven-day deposit computation period beginning May 29, 1980, and during each seven-day deposit computation period thereafter, the managed liabilities base of a covered bank shall be determined as follows:

(1) For a covered bank that, on a daily average basis, was a net borrower of total managed liabilities during the fourteen-day base period ending March 12, 1980, its base for the computation period beginning May 29, 1980, shall be equal to its base reported for the computation period beginning May 15, 1980 (as reported on line 8 of form F.R. 2412d) multiplied by 1.075. However, a covered bank whose base has never exceeded \$100 million shall not multiply its base by 1.075. The managed liabilities base of a covered bank shall be reduced by the amount by which its lowest daily average of

(A) gross loans to non-United States residents^{3/}
and

3/ A United States resident is: (a) any individual residing (at the time the credit is extended) in any State of the United States or the District of Columbia; (b) any corporation, partnership, association or other entity organized therein ("domestic corporation"); and (c) any branch or office located therein of any other entity wherever organized. Credit extended to a foreign branch, office, subsidiary, affiliate or other foreign establishment ("foreign affiliate") controlled by one or more such domestic corporations will not be deemed to be credit extended to a United States resident if the proceeds will be used in its foreign business or that of other foreign affiliates of the controlling domestic corporation(s).

(B) gross balances due from foreign offices of other institutions⁴ or institutions the time deposits of which are exempt from the rate limitations of Regulation Q pursuant to § 217.3(g) thereof,⁵

outstanding during any computation period beginning after May 28, 1980, is lower than the lowest daily average amount of such loans and balances outstanding during the base period or any computation period between March 13, 1980 and May 28, 1980. The amount of the reduction shall be rounded down to the largest lower multiple of \$2 million. However, in no event will the managed liabilities base for a covered bank that was a net borrower of managed liabilities during the fourteen-day base period ending March 12, 1980, be less than \$100 million.

(2) For a covered bank that, on a daily average basis, is a net lender of total managed liabilities during the fourteen-day base period ending March 12, 1980, its managed liabilities base shall be the sum of its daily average negative total managed liabilities and \$100 million.

4/ Any banking office located outside the States of the United States and the District of Columbia of a bank organized under domestic or foreign law.

5/ A foreign central bank, or any international organization, of which the United States is a member, such as the International Bank for Reconstruction and Development (World Bank), International Monetary Fund, Inter-American Development Bank, and other foreign international, or supranational entities exempt from interest rate limitations under § 217.3(g) (3) of Regulation Q (12 C.F.R. § 217.3(g) (3)).

By order of the Board of Governors of the Federal Reserve System, May 27, 1980.

(Signed) Theodore E. Allison

Theodore E. Allison
Secretary of the Board

[SEAL]

PART 229-CREDIT RESTRAINT

[Subpart D]

Reports Under Special Credit Restraint Program

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, under its Special Credit Restraint Program issued on March 14, 1980, the Board has amended its regulation to enable it to reduce the reporting burden on U.S. commercial banks, and U.S. branches and agencies of foreign banks, finance companies, U.S. bank holding companies, and to discontinue the reporting requirements for large corporate borrowers.

EFFECTIVE DATE: May 27, 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. While compliance with the Program guidelines is on a voluntary basis, the Board instituted a reporting program, as authorized by section 1-104 of Executive Order 12201, to monitor developments in the credit markets and compliance with the Program. Under this reporting program the affected lenders were required to provide data periodically concerning types and amounts of outstanding loans and selected corporations were required to provide data on certain types of borrowing. (45 Fed. Reg. 22883).

Based on an evaluation of recent banking and credit data, on May 22, 1980, the Board announced that it would reduce the reporting burden on U.S. commercial banks, U.S. branches and agencies of foreign banks, finance companies, and U.S. bank holding companies, which

should now file reports on a bimonthly basis. In addition, the Board stated that it would discontinue reports by large corporate borrowers. The first quarterly report for intermediate size banks due in June, will be simplified, and the need for subsequent reports will be evaluated after that checkpoint is passed.

In order to achieve the objectives of this action more quickly the Board for good cause has determined that the notice and public procedure provisions of 5 U.S.C. § 553(b) with regard to this action are not in the public interest, and will not be followed.

Pursuant to its authority under the Credit Control Act (12 U.S.C. §§ 1901-1909) as implemented by Executive Order 12201 the Board has amended sections 229.33 and 229.34 of Subpart D of its Credit Restraint Regulation (12 C.F.R. § 229) to read as follows:

SUBPART D - Reports under Special Credit Restraint Program

* * * * *

SECTION 229.33--REPORTS BY LARGE LENDERS

(a) Large Commercial banks. Each U.S. commercial bank having U.S. consolidated assets of \$1 billion or more shall file such reports on its activities as may be required by the Board from time to time 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 such reports on its activities as may be required by the Board from time to time 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 such reports on its activities as may be required by the Board from time to time 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 such reports on its activities as may be required by the Board from time to time on forms prescribed by the Board in accordance with the instructions thereto.

SECTION 229.34--REPORTS BY INTERMEDIATE-SIZED COMMERCIAL BANKS

Each U.S. commercial bank with U.S. consolidated assets of \$300 million or more but less than \$1 billion shall file such reports on its activities as may be required by the Board from time to time on forms prescribed by the Board in accordance with the instructions thereto.

Board of Governors of the Federal Reserve System, effective
May 27, 1980.

Theodore E. Allison
Secretary of the Board

[SEAL]