

FEDERAL RESERVE BANK
OF NEW YORK

[Circular No. 9026]
February 26, 1981

INTERNATIONAL BANKING FACILITIES

Extension of Time for Comment on Proposals to Permit the Establishment
in the United States of International Banking Facilities

To All Depository Institutions, and Others Concerned,
in the Second Federal Reserve District:

The Board of Governors of the Federal Reserve System has extended, to March 16, 1981, the time period for comment on proposals to amend Regulation D, "Reserve Requirements of Depository Institutions," and Regulation Q, "Interest on Deposits," in order to facilitate the establishment in the United States of International Banking Facilities (IBF's) by depository institutions, Edge and Agreement corporations, and U.S. branches and agencies of foreign banks. The text of the Board's proposal was sent to affected institutions in this District with our Circular No. 8980, dated December 19, 1980.

Printed below is the text of the Board's Order in this matter. Comments may now be submitted until March 16, and may be sent to our Legal Department.

ANTHONY M. SOLOMON,
President.

Federal Reserve System

[12 CFR Parts 204 and 217]

(Docket No. R-0214)

International Banking Facilities; Extension of Comment Period

AGENCY: Board of Governors of the Federal Reserve System.

ACTION: Proposed rulemaking: Extension of comment period.

SUMMARY: The Board of Governors of the Federal Reserve System has extended the period for receipt of public comments on its proposal to amend Regulation D—Reserve Requirements of Depository Institutions (12 CFR Part 204) and Regulation Q—Interest on Deposits (12 CFR Part 217) to facilitate the establishment in the United States of international banking facilities of depository institutions, Edge and Agreement corporations, and branches and agencies of foreign banks located in the United States. The comment period is extended through March 16, 1981.

DATE: Comments must be received by March 16, 1981.

ADDRESS: Comments, which should refer to Docket No. R-0214, should be addressed to James McAfee, Assistant Secretary of the Board, Board of Governors of the Federal Reserve System, 20th Street and Constitution Avenue, N.W., Washington, D.C. 20551, or should be delivered to room B-2223 between 8:45 a.m. and 5:15 p.m. Comments received may be inspected in Room B-1122 between 8:45 a.m. and 5:15 p.m., except as provided in section 261.6(a) of the Board's Rules Regarding Availability of Information (12 CFR 261.6(a)).

FOR FURTHER INFORMATION CONTACT: Gilbert T. Schwartz, Associate General Counsel (202/452-3625), or Paul S. Pilecki, Attorney (202/452-3281), Legal Division; or Robert F. Gemmill, Associate Director (202/452-3733), Division of International Finance,

(OVER)

Board of Governors of the Federal Reserve System,
Washington, D.C. 20551.

SUPPLEMENTARY INFORMATION: On December 16, 1980 [45 FR 84070, December 22, 1980], the Board of Governors proposed amendments to Regulation D—Reserve Requirements of Depository Institutions (12 CFR Part 204) and Regulation Q—Interest on Deposits (12 CFR Part 217) that would facilitate the establishment in the United States of international banking facilities ("IBFs") by depository and other institutions to promote international banking activity in the United States. Under the proposal, IBFs in all U.S. depository institutions, Edge and Agreement Corporations, and U.S. branches and agencies of foreign banks would be permitted to accept time deposits from foreign residents and to borrow from foreign depository institutions or other IBFs. All such funds would be exempt from Federal reserve requirements. Funds raised by an IBF could be used only to extend credit to foreign residents, to other IBFs or to the institution establishing the IBF. Funds derived by an institution from its own IBF would be subject to Eurocurrency reserve requirements. In addition, member banks, Edge and Agreement Corporations, and U.S. branches and agencies of foreign banks that are subject to Regula-

tion Q¹ would be authorized to offer and pay interest on an IBF time deposit with a minimum maturity or required notice period prior to withdrawal of two days if the funds were received from non-United States residents and used to extend credit only to non-United States residents, other IBFs or the U.S. offices of the depository institution conducting the IBF business.

Comment was requested on the proposal by February 13, 1981. Several requests have been received from depository institutions for additional time in which to submit comments. In light of the issues involved in the proposal and in order to provide interested parties with additional time in which to present their views, the comment period has been extended through March 16, 1981.

By order of the Board of Governors, acting through its Assistant Secretary under delegated authority, February 12, 1981.

¹ Regulation Q applies to the following offices of parent foreign banks having total worldwide consolidated bank assets in excess of \$1 billion: insured and uninsured Federal branches, uninsured State branches, and Federal and State agencies. Under section 18(g) of the Federal Deposit Insurance Act (12 U.S.C. § 1828 (g)), 12 CFR Part 329 applies to all insured State branches and those insured Federal branches of foreign banks with total worldwide consolidated bank assets of \$1 billion or less.