

FEDERAL RESERVE BANK
OF NEW YORK

[Circular No. 9041]
March 24, 1981]

EASING OF REPORTING REQUIREMENTS
UNDER THE BANK PROTECTION ACT
Amendments to Regulation P

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

The Board of Governors of the Federal Reserve System has amended its Regulation P, "Minimum Security Devices and Procedures for Federal Reserve Banks and State Member Banks," to eliminate several reporting requirements under the regulation. Similar actions have also been taken by the other Federal financial regulatory agencies.

The following is quoted from the text of the Board's announcement:

The actions lighten the regulatory reporting burden of all State member banks, and are expected to be of particular benefit to small banks.

The Board:

1. Amended Regulation P to eliminate a requirement calling for reports (Form P-1) to be filed by State member banks concerning security devices in use at their banking offices. This action had been recommended to the Board (and to other Federal agencies supervising banks and thrift institutions) by the Federal Financial Institutions Examination Council. In adopting the Council's recommendation, the Board said that it has been found that regular, on-site examination of bank security by bank examiners, and the generally high current level of bank security, has made this report no longer essential.

2. Amended Regulation P to eliminate the requirements that State member banks file with their District Reserve Bank a copy of their written security program and, where applicable, a copy of the bank's statement explaining why the bank's security program does not meet the minimum standards of the regulation.

State member banks are required to continue preparing these reports and to have them readily available for scrutiny by examiners. It has been found that examiners generally rely on bank records and not Reserve Bank records in determining compliance with the regulation.

Enclosed is the text of the amendments. Questions thereon may be directed to our Regulations Division (Tel. No. 212-791-5917).

ANTHONY M. SOLOMON,
President

MINIMUM SECURITY DEVICE AND PROCEDURES
FOR FEDERAL RESERVE BANKS AND STATE MEMBER BANKS

AMENDMENTS TO REGULATION P

(effective March 10, 1981)

Joint Notice of Elimination of Form Reports Required Under Regulations Implementing the Bank Protection Act

AGENCIES: The Board of Governors of the Federal Reserve System, the Federal Deposit Insurance Corporation, the Federal Home Loan Bank Board, the National Credit Union Administration, and the Office of the Comptroller of the Currency.

ACTION: Final rule.

SUMMARY: The agencies represented on the Examination Council have reviewed the reporting requirements imposed on financial institutions under the above regulations. These regulations (except for those imposed by the National Credit Union Administration) were originally adopted pursuant to the Bank Protection Act (12 U.S.C. 1881-84). The agencies have determined that certain of these reporting requirements impose unnecessary reporting burdens upon the financial institutions. The usage of these forms is quite limited. Accordingly, in keeping with the objective of removing regulations that are no longer justified, the agencies are deleting their "reports on security devices" regulations and, for those that have them, their requirements that financial institutions submit copies of their written security programs and exceptions statements for agency filing. Federal examiners will continue to review each institution's compliance with agency security regulations during regular supervisory examinations.

EFFECTIVE DATE: March 10, 1981.

FOR FURTHER INFORMATION CONTACT: Stephen M. Lovette, Board of Governors of the Federal Reserve System, (202) 452-3622; Jesse G. Snyder, Federal Deposit Insurance Corporation, (202) 389-4415; James Stewart, Federal Home Loan Bank Board, (202) 377-6457; Layne Bumgardner, National Credit Union Administration, (202) 357-1065; and Robert M. Taylor, III, Office of the Comptroller of the Currency, (202) 447-1880.

SUPPLEMENTARY INFORMATION: This amendment revises 12 CFR 21.5, 216.5, 326.5, 563a.5, and 748.4 by removing the

requirements for submission of "Reports on security devices." Currently, four of the five regulatory agencies represented on the Examination Council have regulations which require financial institutions to submit, periodically, form reports on security devices. These form regulations are contained in 12 CFR 21.5(c) (Comptroller of Currency Form CC-9030-01); 12 CFR 216.5(b) (Federal Reserve Board Form P-1); 12 CFR 326.5(c) (Federal Deposit Insurance Corporation Form P-1); and 12 CFR 563a.5(b) (Federal Home Loan Bank Board Form P-1). The National Credit Union Administration requires a similar report from insured credit unions pursuant to the insuring of the credit union (12 CFR 748.4 and appendix to 12 CFR Part 748).

The Board of Governors of the Federal Reserve System, the Federal Home Loan Bank Board and the National Credit Union Administration also are amending their regulations to eliminate a requirement that the financial institutions under their respective jurisdictions file with those agencies copies of their written security programs and their statements of justification for exceptions to the agencies' standards for security. The Board of Governors is deleting the filing requirements for state member banks found in 12 CFR 216.3 and 216.4; the Federal Home Loan Bank Board is deleting the filing requirements for FSLIC-insured savings and loan associations in 12 CFR 563a.3 and 563a.4; and the National Credit Union Administration is deleting the filing requirements for Federally-insured credit unions found in 12 CFR 748.0(b), 748.3(c) and 748.4(a). The existing regulations of the Federal Deposit Insurance Corporation and the Office of the Comptroller of the Currency do not include these filing requirements.

This amendment will lessen the regulatory burden upon financial institutions by relieving them of unnecessary reporting requirements. Therefore, the agencies have determined, in accordance with 5 U.S.C. 553, that notice and public procedure requirements and delayed effectiveness

are unnecessary and would be contrary to the public interest.

The notices of individual agency actions to amend their respective regulations follow.

Drafting Information:

The principal drafter of this document is Robert M. Taylor, III, Attorney, Legal Advisory Services Division, Office of the Comptroller of the Currency, Washington, D.C. 20219.

Adoption of Amendments:

**BOARD OF GOVERNORS OF THE
FEDERAL RESERVE SYSTEM**

12 CFR Part 216—Notice of Amendment

12 CFR Part 216 is amended as follows:

**PART 216—MINIMUM SECURITY
DEVICES AND PROCEDURES FOR
FEDERAL RESERVE BANKS AND
STATE MEMBER BANKS**

1. The authority citation for Part 216 is as follows:

Authority: 12 U.S.C. 1881-1884.

§ 216.3 [Amended]

2. Section 216.3 is amended by removing from the last sentence of paragraph (c) the words: "and forward a copy of that statement to the Federal Reserve Bank for the District in which its main office is located."

§ 216.4 [Amended]

3. Section 216.4 is amended by removing from the last sentence of paragraph (a) the words: "and a copy shall be filed with the Federal Reserve Bank for the District in which the main office of the bank is located."

§ 216.5 [Amended]

4. Section 216.5 is amended by removing paragraph (b), redesignating paragraph (c) as paragraph (b), and redesignating paragraph (d) as paragraph (c).

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For this Regulation to be complete, retain:

- 1) Regulation P pamphlet, effective January 13, 1969.
- 2) Appendix A, revised effective November 1, 1973.
- 3) This slip sheet.