

At-En. No. 10,087

NOTICE

BOARD OF GOVERNORS' SEMIANNUAL REGULATORY AGENDA

OCTOBER 1, 1986 — APRIL 1, 1987

The Board of Governors of the Federal Reserve System has issued its Semiannual Regulatory Agenda for the period October 1, 1986 through April 1, 1987. The Agenda provides information on those regulatory matters that the Board now has under consideration or anticipates considering over the next six months. It is divided into three parts: (1) regulatory matters that the Board may consider for public comment during the next six months; (2) matters that have been proposed and are under consideration; and (3) regulatory matters that the Board has completed or is not expected to consider further.

The Agenda is published in the *Federal Register* twice a year -- in April and in October. Comments regarding any of the Agenda items should be submitted directly to the Board of Governors.

We will be pleased to furnish a copy of the Agenda upon request (Tel. No. 212-720-5216).

Circulars Division
Federal Reserve Bank of New York

October 1986

At-Dir. No. 10,087

Federal Reserve System

Semiannual Regulatory Agenda
Oct. 1, 1986 - Apr. 1, 1987

FEDERAL RESERVE SYSTEM

[12 CFR CHAPTER II]

Notice of Semiannual Regulatory Flexibility Agenda

AGENCY: Board of Governors of the Federal Reserve System.

ACTION: Semiannual Agenda.

SUMMARY: The Board is issuing this Agenda under the Regulatory Flexibility Act and 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 October 1, 1986, through April 1, 1987. The next Semiannual Agenda will be published in April 1987.

DATE: Comments about the form or content of the Agenda may be submitted any time during the next six months.

ADDRESS: Comments should be addressed to William W. Wiles, Secretary of the Board, Board of Governors of the Federal Reserve System, Washington, D.C. 20551.

SUPPLEMENTARY INFORMATION: The Board is publishing its October 1986 Agenda as part of the October 1986 Unified Agenda of Federal Regulations, which is coordinated by the Office of Management and Budget under Executive Order 12291. Participation by the Board in the Unified Agenda is on a voluntary basis.

The Board's Agenda is divided into three sections. The first, Proposed Rule Stage, reports on matters the Board may consider for public comment during the next six months. The second section, Final Rule Stage, reports on matters that have

been proposed and are under Board consideration. A third section, Completed Actions, reports on regulatory matters the Board has completed or is not expected to consider further.

A dot (●) preceding an entry indicates a new matter that was not a part of the Board's previous Agenda, and which the Board has not completed.

(signed) Barbara R. Lowrey

Barbara R. Lowrey
Associate Secretary of the Board

Section 1
Proposed Rule Stage

1.

TITLE:

Regulation: H - Membership of State Banking Institutions in the Federal Reserve System

LEGAL AUTHORITY:

12 USC 321

CFR CITATION:

12 CFR 208.8(e)

ABSTRACT:

The Board will consider issuing for comment an amendment to Regulation H designed to provide a decrease of approximately 20,000 burden hours in paperwork, as requested by the Office of Management and Budget. The regulation would be amended to raise the exemption from various record-keeping requirements in Regulation H for securities transactions, conducted by banks, from 200 to 1,000 transactions per year for customers over the prior three-calendar-year period, exclusive of transactions in U.S. government and federal agency obligations. This action would diminish burdens on smaller state member banks; therefore, the amendment would have no adverse effect on small banks.

TIMETABLE:

	ACTION	DATE	FR CITE
Board will consider issuing for comment a proposal to amend Regulation H by		10/00/86	

EFFECTS ON SMALL BUSINESS AND OTHER ENTITIES: No

AGENCY CONTACT:

Robert S. Plotkin
Assistant Director
Div. of Supervision and Regulation
202 452-2782

2.

TITLE:

Regulation: K - International Banking Operations

LEGAL AUTHORITY:

12 USC 601 et seq

CFR CITATION:

12 CFR 211

ABSTRACT:

The Board will consider an amendment to its regulation governing the establishment of foreign operating subsidiaries by member banks. The amendment would eliminate the requirement in section 211.3(b)(9) of Regulation K that a member bank's operating subsidiary be established only where required by local law or regulation. The revision is intended to promote the efficiency of member banks' foreign operations. Because the revision would remove a restriction, it is not anticipated that comment will be requested.

The proposal would not have a significant economic impact on a substantial number of small businesses because it affects only U.S. banks operating abroad.

TIMETABLE:

ACTION DATE
Final action by 10/00/86

FR CITE

EFFECTS ON SMALL BUSINESS AND OTHER ENTITIES: No

AGENCY CONTACT:

Kathleen O'Day
Senior Counsel
Legal Division
202 452-3786

3.

TITLE:

Regulation: P - Minimum Security Devices and Procedures for
Federal Reserve Banks and State Member Banks

LEGAL AUTHORITY:

12 USC 1881 to 1884

CFR CITATION:

12 CFR 216

ABSTRACT:

During the next six months, the Board will conduct a zero-based review of Regulation P, which implements the Bank Protection Act of 1968, and establishes minimum security standards for Federal Reserve banks and for state member banks. The review will consider whether any provisions of the regulation are outdated and whether any substantive changes are necessary because of new technological developments. The regulation will also be reorganized and revised for simplicity and clarity. Public comment will be requested following the zero-based review. It is not anticipated that the revised regulation will have a significant impact on a substantial number of small banks.

TIMETABLE:

	ACTION	DATE	FR CITE
Board will consider revisions to Regulation P during the next six months		04/00/87	

EFFECTS ON SMALL BUSINESS AND OTHER ENTITIES: No

AGENCY CONTACT:

Barbara Lowrey
Associate Secretary
Office of the Secretary
202 452-3742

4.

TITLE:

Regulation: T - Credit by Brokers and Dealers

LEGAL AUTHORITY:

15 USC 78g "Securities Exchange Act of 1934, as amended"
15 USC 78w "Securities Exchange Act of 1934, as amended"

CFR CITATION:

12 CFR 220

ABSTRACT:

During the next six months the Board will consider issuing for comment an amendment to the definition of "OTC margin bond" in Regulation T. The purpose will be to permit marginability of all securities designated as "mortgage-related securities" in the Secondary Mortgage Market Enhancement Act of 1984. It is not anticipated that any proposals in this area would affect a significant portion of the overall lending activities of a substantial number of small firms.

TIMETABLE:

	ACTION	DATE	FR CITE
Board may review a proposal to			
amend Regulation T by		04/00/87	

EFFECTS ON SMALL BUSINESS AND OTHER ENTITIES: No

AGENCY CONTACT:

Laura Homer
Securities Credit Officer
Div. of Banking Supervision and Regulation
202 452-2781

5.

TITLE:

Regulation: T - Credit by Brokers and Dealers

LEGAL AUTHORITY:

15 USC 78g "Securities Exchange Act of 1934, as amended"

15 USC 78w "Securities Exchange Act of 1934, as amended"

CFR CITATION:

12 CFR 220

ABSTRACT:

During the next six months the Board may review a proposal submitted by several broker/dealers calling for an amendment to Regulation T to permit broker/dealers to facilitate the exercise of valuable employee stock options by employees. The method suggested would allow the broker/dealer to advance funds on a good faith basis for the exercise.

It is not anticipated that any proposals in this area would affect a significant portion of the overall lending activities of a substantial number of small firms.

TIMETABLE:

	ACTION	DATE	FR CITE
	Board will consider a proposal to amend Regulation T by	04/00/87	

EFFECTS ON SMALL BUSINESS AND OTHER ENTITIES: No

AGENCY CONTACT:

Scott Holz

Attorney

Div. of Banking Supervision and Regulation

202 452-2781

• 6.

TITLE:

Regulation: T - Credit by Brokers and Dealers

LEGAL AUTHORITY:

15 USC 78g "Securities Exchange Act of 1934, as amended"

15 USC 78w "Securities Exchange Act of 1934, as amended"

CFR CITATION:

12 CFR 220

ABSTRACT:

During the next six months the Board may consider proposing amendments to Regulation T to accommodate settlement and clearance of foreign securities in accounts covered by Regulation T. A request has been made that amendments be proposed because of the growing internationalization of the securities markets.

It is not anticipated that any proposals in this area would affect a significant portion of the overall lending activities of a substantial number of small firms.

TIMETABLE:

ACTION DATE

FR CITE

Board may review a proposal to
amend Regulation T by 04/00/87

EFFECTS ON SMALL BUSINESS AND OTHER ENTITIES: No

AGENCY CONTACT:

Laura Homer
Securities Credit Officer
Div. of Banking Supervision and Regulation
202 452-2781

7.

TITLE:

Regulation: Y - Bank Holding Companies and Change in Bank Control

LEGAL AUTHORITY:

12 USC 1843 "Bank Holding Company Act"
12 USC 1844(b) "Bank Holding Company Act"

CFR CITATION:

12 CFR 225

ABSTRACT:

A provision of Regulation Y permits a state bank subsidiary of a bank holding company to engage through a nonbank subsidiary in any activity that is permissible under state law for the bank subsidiary itself, subject to the same limits as if the bank engages in the activity directly. (A similar rule applies to national bank subsidiaries regarding activities permissible for such banks under federal law.) The Board received comments on this provision in connection with its general request for comments in May 1983 regarding the proposed revision of Regulation Y. Some of the commenters challenged the Board's authority to issue this provision, although it has been part of Regulation Y since 1971. In taking final action on the revision of Regulation Y, the Board deferred consideration of the comments on this provision and allowed the existing rule to remain in effect in the interim (49 FR 794, January 5, 1984). The Board plans to review this provision of the regulation in the near future. A determination to reverse the rule could have an adverse impact on many small banks that are subsidiaries of holding companies because they might be required to restructure their nonbanking activities or to take other action.

TIMETABLE:

	ACTION	DATE	FR CITE
	Board requested comments	05/25/83	48 FR.23520
	Board allows existing rule to remain in effect	01/05/84	49 FR 794
	Board will review further by	04/00/87	

EFFECTS ON SMALL BUSINESS AND OTHER ENTITIES: Yes

AGENCY CONTACT:

J. Virgil Mattingly
Deputy General Counsel
Legal Division
202 452-3430

RIN: 7100-AA41

8.

TITLE:

Regulation: Y - Bank Holding Companies and Change in Bank Control
(Docket Number: R-0537)

LEGAL AUTHORITY:

12 USC 1841 "Bank Holding Company Act"
12 USC 221 "Federal Reserve Act"
12 USC 3901 "International Lending Supervision Act of 1983"

CFR CITATION:

12 CFR 225

ABSTRACT:

In January 1985, the Board requested comment regarding whether, and to what extent, the Board should exercise its authority under the Bank Holding Company Act, the Federal Reserve Act, and the International Lending Supervision Act to authorize or limit the conduct of real estate investment activities by bank holding companies and their nonbank subsidiaries (50 FR 4519, January 31, 1985). The Board has not proposed a specific regulation at this time, and has only requested comment on the general question of whether, and in what direction Board regulation in this area is appropriate. If the Board determines to propose a regulation, the public will be invited to comment.

Comment in this area was requested in response to enactment of a number of state laws that have recently authorized state banks to conduct a broad array of nonbanking activities that previously were not authorized for state banks or bank holding companies, including real estate investment activities.

Until the Board reviews the comments, it is unclear whether the Board will act in this area or what specific action it may take. Therefore, the effect on small entities cannot be accurately predicted. However, if the Board should take restrictive measures, bank holding companies of all sizes and their subsidiaries participating in this activity would be affected.

TIMETABLE:

	ACTION	DATE	FR CITE
	ANPRM	01/31/85	50 FR 4519
Further Board action during the			
next six months		04/00/87	

EFFECTS ON SMALL BUSINESS AND OTHER ENTITIES: Yes

AGENCY CONTACT:

J. Virgil Mattingly
Deputy General Counsel
Legal Division
202 452-3430

RIN: 7100-AA52

9.

TITLE:

Rules Regarding Availability of Information

LEGAL AUTHORITY:

5 USC 552

CFR CITATION:

12 CFR 261

ABSTRACT:

The Board's Rules Regarding Availability of Information are intended in part to fulfill the requirement of section 552 of Title 5 of the United States Code that every Federal agency shall publish in the Federal Register how the public may obtain information, make submittals or requests, and obtain decisions; how the agency's functions are channeled and determined; its rules of procedure and descriptions of forms available and the places where they may be obtained.

The Board will consider issuing for comment revisions to simplify and improve these rules. The review will focus on clarifying the procedures for requesting access to documents and information, the processing and disposition of such requests, and the discretionary release of confidential information.

It is not expected that the proposal, if adopted, will have a significant economic impact on a substantial number of small entities that would be subject to the regulation.

TIMETABLE:

ACTION DATE

FR

CITE

Board will consider issuing for
comment revisions to the
Rules by 10/00/86

EFFECTS ON SMALL BUSINESS AND OTHER ENTITIES: No

AGENCY CONTACT:

Stephen L. Siciliano
Special Assistant to the General Counsel
Legal Division
202 452-3920

Section 2
Final Rule Stage

10.

TITLE:

Regulation: D - Reserve Requirements of Depository Institutions
(Docket Number: R-0571)

LEGAL AUTHORITY:

12 USC 248(k)
12 USC 461(a)

CFR CITATION:

12 CFR 204

ABSTRACT:

In May 1986, the Board issued for comment rules to clarify the definition of "deposit" in Regulation D to include the interest or liability associated with a borrowing in the form of certain sales of assets and related transactions by a depository institution (51 FR 16855, May 7, 1986). These transactions include a sale of assets that involves a full guarantee by the institution that, in effect, substitutes the institution's credit standing for that of the ultimate borrower and in which the institution retains the risk of borrower default after the asset is sold.

Further, the regulation currently treats obligations of an affiliate as deposits of the depository institution to the extent the proceeds are provided to the depository institution. The Board proposes to exclude proceeds received from a sale of assets without recourse to the affiliate.

The proposal also would clarify the application of Regulation D to certain of these transactions involving organizations effectively controlled by the depository institution even though not formally affiliated. Finally, the proposal would clarify how the Board measures the "maturity" of an obligation for the purposes of Regulation D.

The proposal requests comment on any alternatives that the public believes may be preferable to the Board's proposed amendments. Suggested alternatives will be considered when comments are analyzed.

The proposed rule would apply to all depository institutions. It is not anticipated that the proposal will have a negative impact on the ability of small depository institutions to attract deposits.

The Board will review the comments and take further action within the next six months.

TITLE:

Regulation: D - Reserve Requirements of Depository Institutions
(Docket Number: R-0571)

TIMETABLE:

	ACTION	DATE	FR CITE
Board proposed revisions to			
Regulation D		05/07/86	51 FR 16855
Comment period extended		07/10/86	51 FR 25069
Further Board action by		04/00/87	

EFFECTS ON SMALL BUSINESS AND OTHER ENTITIES: No

AGENCY CONTACT:

John Harry Jorgenson
Senior Attorney
Legal Division
202 452-3778

RIN: 7100-AA62

11.

TITLE:

Regulation: E - Electronic Fund Transfers (Docket Number: R-0578)

LEGAL AUTHORITY:

15 USC 1693 et seq "Electronic Fund Transfer Act"

CFR CITATION:

12 CFR 205

ABSTRACT:

In August 1986, the Board proposed for comment amendments to Regulation E to address the responsibilities of persons that issue access devices and provide electronic fund transfer services to consumers absent an agreement with the financial institutions holding the consumer account (51 FR 28589, August 8, 1986). The amendments would clarify the responsibilities of these service-providers and the institutions holding the consumer accounts for electronic fund transfers initiated through the service-providers. The amendments would (1) eliminate the requirement that service-providers furnish periodic statements to consumers; (2) require service-providers to provide the transaction identification to account-holding institutions; and (3) require account-holding institutions to identify electronic fund transfers initiated through the service-provider on periodic statements, in accordance with Regulation E. The amendments would also make changes in the initial disclosures required of the service-provider and extend the time allowed for giving notice to the service-provider of the loss or theft of an access device.

Although the proposed amendments are primarily intended to eliminate duplication of certain documentation currently provided to consumers, some small financial institutions may incur relatively large additional costs in providing customers with periodic statements that comply with Regulation E for the first time. The Board is soliciting comment on the extent of this expense.

The Board will review the comments and is expected to take further action during the next six months.

TIMETABLE:

	ACTION	DATE	FR CITE
	Board issued for comment a proposal to amend Regulation E	08/08/86	51 FR 28589
	Further Board action by	04/00/87	

TITLE:

Regulation: E - Electronic Fund Transfers

EFFECTS ON SMALL BUSINESS AND OTHER ENTITIES: Yes

AGENCY CONTACT:

Gerald P. Hurst

Senior Attorney

Division of Consumer and Community Affairs

202 452-3667

RIN: 7100-AA60

12.

TITLE:

Regulation: K - International Banking Operations (Docket Number: R-0550)

LEGAL AUTHORITY:

12 USC 611 et seq

CFR CITATION:

12 CFR 211

ABSTRACT:

In August 1985, the Board published for comment proposed regulations that would restrict lending by an Edge Corporation to its affiliates where the Edge Corporation is not subject to the restrictions of section 23A of the Federal Reserve Act (12 USC 371c) because it is not owned by a U.S. insured bank (50 FR 35238, August 30, 1985). In taking this action, the Board noted the increasing number of owners of Edge corporations that are not subject to federal banking supervision and the potential adverse effects that might result from such affiliations, such as the impairment of the Edge's ability to act as an impartial arbiter of credit. The Board requested comment on the effect of the proposal on existing Edge Corporations, especially those owned by foreign banks and whether any exemptions from the restrictions are appropriate.

It is not expected that the proposal would have a significant economic impact on a substantial number of small businesses, because it applies only to organizations involved in international banking.

The Board will review the comments and take further action within the next two months.

TIMETABLE:

	ACTION	DATE	FR CITE
	Board proposed revisions to		
	Regulation K	08/30/85	50 FR 35238
	Further Board action by	10/00/86	

EFFECTS ON SMALL BUSINESS AND OTHER ENTITIES: No

AGENCY CONTACT:

Kathleen O'Day
Senior Counsel
Legal Division
202 452-3786

RIN: 7100-AA58

13.

TITLE:

Regulation: Q - Interest on Deposits (Docket Number R-0514)

LEGAL AUTHORITY:

12 USC 371b

CFR CITATION:

12 CFR 217

ABSTRACT:

In January 1986, the Board issued for comment proposals to clarify, update, and simplify the advertising provisions of Regulation Q (51 FR 1379, January 13, 1986). The revisions incorporate and supersede the proposals of March 1984 concerning advertising of split-rate deposits and IRA/Keogh (HR 10) Plan accounts. The proposal is not expected to have a significant adverse effect on small banks.

The Board will review the comments and is expected to take further action within the next two months.

It is also anticipated that the Board will consider at that time various options with regard to providing written disclosures to consumers about their accounts.

TIMETABLE:

	ACTION	DATE	FR CITE
	Board proposed revisions	01/13/86	51 FR 1379
	Further Board action by	10/00/86	

EFFECTS ON SMALL BUSINESS AND OTHER ENTITIES: No

AGENCY CONTACT:

Daniel L. Rhoads
Senior Attorney
Legal Division
202 452-3711

RIN: 7100-AA56

14.

TITLE:

Regulation: Y - Bank Holding Companies and Change in Bank Control
(Docket Number: R-0536)

LEGAL AUTHORITY:

12 USC 1841 et seq "Bank Holding Company Act"

CFR CITATION:

12 CFR 225

ABSTRACT:

In January 1985, the Board requested comment as to whether it should permit bank holding companies that own nonbank banks to provide them with internal administrative services and to establish management interlocks with them (50 FR 2057, January 15, 1985). ("Nonbank banks" are institutions that are chartered as banks but either do not accept demand deposits or do not make commercial loans.) The Board took this action to resolve a number of questions that had been raised regarding the appropriate scope of relationships between nonbank banks and their affiliates. It is likely that any action the Board might take would primarily affect larger bank holding systems and would relax a requirement or prohibition. Therefore, it is expected that any Board action would not have a significant economic impact on a substantial number of small entities.

In view of pending litigation involving the legality of nonbank banks, the Board has suspended further consideration of nonbank bank applications by bank holding companies pending a definitive resolution of the status of nonbank banks. Final action on the proposal for comment thus is not likely until this issue is resolved.

TIMETABLE:

	ACTION	DATE	FR CITE
	Board requested comment	01/15/85	50 FR 2057
	Awaiting Court Action	00/00/00	

EFFECTS ON SMALL BUSINESS AND OTHER ENTITIES: No

AGENCY CONTACT:

Melanie Fein
Senior Counsel
Legal Division
202 452-3594

RIN: 7100-AA51

15.

TITLE:

Regulation: Y - Bank Holding Companies and Change in Bank Control (Docket Number: R-0567)

LEGAL AUTHORITY:

12 USC 3907

12 USC 3909 "International Lending Supervision Act of 1983"

CFR CITATION:

12 CFR 225, Appendix A

ABSTRACT:

In January 1986, the Board proposed for comment an amendment to its Capital Guidelines that would provide for a supplemental adjusted capital measure designed to be more systematically and explicitly sensitive to the risk exposure of individual banking organizations (51 FR 3976, January 31, 1986). This measure would be based on a ratio of primary capital to total assets adjusted to account for certain types of risks, including many kinds of off-balance-sheet risk. The Board is considering replacement of the total capital zones in its current Guidelines with zones based upon the proposed supplemental adjusted capital ratio. These new zones would apply only to large banking organizations with assets in excess of \$1 billion. Consequently the proposal is not likely to have a significant impact on smaller banking organizations.

The Board will review the comments and coordinate with other banking agencies. Further action is expected after January 1, 1987.

TIMETABLE:

	ACTION	DATE	FR CITE
	Board requested comment	01/31/86	51 FR 3976
	Comment period extended	04/11/86	51 FR 12865
	Further Board action by	04/00/87	

EFFECTS ON SMALL BUSINESS AND OTHER ENTITIES: No

AGENCY CONTACT:

James E. Scott
Senior Counsel
Legal Division
202 452-3513

RIN: 7100-AA66

16.

TITLE:

Regulation: Y - Bank Holding Companies and Change in Bank Control
(Docket Number: R-0572)

LEGAL AUTHORITY:

12 USC 1841 "Bank Holding Company Act"

CFR CITATION:

12 CFR 225

ABSTRACT:

In May 1986, the Board requested comment on whether it should modify, eliminate, or retain the current restrictions it imposes on the operation by a bank holding company of a thrift institution in tandem with the holding company's other subsidiaries (51 FR 18797, May 22, 1986). These conditions were initially imposed after public comment and are designed to maintain the distinction and separation between thrifts and banks. The Board has received requests for relief from these conditions to permit thrifts acquired by bank holding companies to jointly market and sell products and services with other holding company affiliates, cross-advertise the services and products of affiliates, and conduct certain transactions with affiliates.

Few small banks and holding companies are subject to the conditions on tandem operations, and action in this area will not directly affect the operation of a significant number of small entities. However, the Board has requested comment on whether relief from the conditions will affect competition between thrifts owned by bank holding companies and banks and bank holding companies, including small entities, located in the same market.

The Board will review the comments and is expected to take further action within the next six months.

TIMETABLE:

	ACTION	DATE	FR CITE
	Board requested comment	05/22/86	51 FR 18797
	Further Board action by	04/00/87	

EFFECTS ON SMALL BUSINESS AND OTHER ENTITIES: Undetermined

AGENCY CONTACT:

J. Virgil Mattingly
Deputy General Counsel
Legal Division
202 452-3430

17.

TITLE:

Regulation: Z - Truth in Lending (Docket Number R-0545)

LEGAL AUTHORITY:

15 USC 1604, as amended "Truth in Lending Act"

CFR CITATION:

12 CFR 226

ABSTRACT:

Regulation Z currently requires that creditors provide information to consumers regarding variable rate features in credit transactions. Concern has been expressed in Congress and elsewhere as to whether Truth in Lending disclosures adequately convey to consumers the terms and potential costs of adjustable rate mortgages.

The Board has proposed that creditors make more extensive disclosure of the variable rate feature in transactions secured by the consumer's home (50 FR 20221, May 15, 1985). The proposal would amend the regulation to require that creditors make available to consumers general descriptive material about adjustable rate mortgages as well as provide a more detailed description of their variable rate feature along with an example showing the effect of a rate increase of two percentage points for each of the first three years of the transaction. Finally, the proposal would eliminate a provision of the regulation that currently permits creditors to substitute the disclosures required by other federal agencies for those required by Regulation Z. The Board is concerned about creditor burdens of compliance with the overlapping and duplicative disclosures in this area, and believes that eliminating substitution could encourage the agencies to develop uniform disclosure requirements.

If the Board adopts this proposal, mortgage creditors, including small businesses engaged in mortgage lending, could incur some costs in revising and reprinting forms, and changing certain procedures to comply with the requirement. Before any final action, the Board would consider appropriate actions to minimize the burdens and costs of compliance.

The Federal Financial Institutions Examination Council (FFIEC) has recently agreed upon a proposal for uniform disclosure requirements among the agencies, and the Board will therefore take further action in the near future.

TITLE:

Regulation: Z - Truth in Lending (Docket Number R-0545)

TIMETABLE:

ACTION	DATE	FR CITE
Board proposed amendment	05/15/85	50 FR 20221
Further Board action by	10/00/86	

EFFECTS ON SMALL BUSINESS AND OTHER ENTITIES: Yes

AGENCY CONTACT:

Michael Bylsma
Staff Attorney
Division of Consumer and Community Affairs
202 452-3667

RIN: 7100-AA50

18.

TITLE:

Regulation: Z - Truth in Lending (Docket Number R-0577)

LEGAL AUTHORITY:

15 USC 1604, as amended "Truth in Lending Act"

CFR CITATION:

12 CFR 226

ABSTRACT:

In August 1986, the Board proposed for comment an amendment to Regulation Z to exempt from the rescission provisions of the regulation refinancings by creditors other than the original creditor where consumers are not increasing their exposure to risk in using their homes to secure a debt (51 FR 28245, August 6, 1986). Regulation Z currently requires that consumers be given the right to rescind certain credit transactions where an extension of credit is secured by a consumer's principal dwelling. An exemption applies to refinancings by the original creditor if no new advances of money are obtained by the consumer.

The proposal would exempt from the right of rescission refinancings by creditors other than the original creditor if certain conditions are met. The Board requests comment on whether the proposed exemption should have the following conditions or other conditions: (1) no new advances of money are obtained by the consumer; (2) the annual percentage rate on the new transaction is not subject to increase and is the same as or lower than the annual percentage rate on the obligation being refinanced; and (3) the new transaction does not have a balloon payment feature.

If the Board adopts this proposal, its effect would be to reduce the number of transactions for which creditors would need to provide consumers with a notice of their rescission rights and an opportunity to rescind. Therefore, it is likely that creditors, including small entities, would not incur any additional costs as a result of the proposed change.

The Board will review the comments and is expected to take further action within the next two months.

TIMETABLE:

	ACTION	DATE	FR CITE
	Board requested comment	08/06/86	51 FR 28245
	Further action by	10/00/86	

EFFECTS ON SMALL BUSINESS AND OTHER ENTITIES: No

AGENCY CONTACT:

Leonard Chanin
Staff Attorney
Division of Consumer and Community Affairs
202 452-3667

19.

TITLE:

Further Proposals to Reduce Risks on Large-Dollar Wire Transfer Systems (Docket Number: R-0515A, R-0515B, R-0515C)

LEGAL AUTHORITY:

12 USC 221 et seq

ABSTRACT:

In May 1985, the Board adopted a statement of its policy on reducing risks on large-dollar wire transfer systems (50 FR 21120, May 22, 1985). The Board determined, however, that certain aspects of this topic require further study and issued the following three requests for comments: (1) Book-entry securities transfer (R-0515A). In formulating its policy on risk reduction, the Board has been concerned about the impact that overdraft restrictions could have in the U.S. government securities market, which is vital to the conduct of monetary policy and the funding of the federal debt. Consequently, the Board has exempted daylight overdrafts resulting from the transfer of such securities from these restrictions. Instead, the Board is seeking comment on a proposal to reduce risks associated with transfers of book-entry securities that would require institutions to choose between treating book-entry related overdrafts the same as funds overdrafts or pledging collateral to secure book-entry overdrafts. (2) Automated Clearing Houses (R-0515B). The Board has previously regarded automatic clearing houses (ACHs) as low-dollar networks. Recently, however, ACHs have begun processing large-dollar payments, thus presenting many of the same risks as large-dollar networks. Accordingly, the Board is requesting comment on risks associated with ACH payments and how such risks can be controlled. (3) Net Settlement Arrangements (R-0515C). The Board did not consider risks associated with the many net settlement services offered by the Federal Reserve (ATM, POS, check, and credit cards). The Board has determined to consider these risks, and requested comment on various aspects of these services, and the risks they entail, to aid it in its study.

It is not expected that these proposals, if adopted, would have a significant economic impact on a substantial number of small entities, because small entities do not usually participate in large-dollar wire transfer systems.

The Board will review the comments and take further action within the next three months.

TIMETABLE:

	ACTION	DATE	FR CITE
	Board requested comment	05/22/85	50 FR 21130
	Board extended comment period until	09/30/85	
	Further Board action by	11/00/86	

TITLE:

Further Proposals to Reduce Risks on Large-Dollar Wire Transfer
Systems (Docket Number: R-0515A, R-0515B, R-0515C)

EFFECTS ON SMALL BUSINESS AND OTHER ENTITIES: No

AGENCY CONTACT:

Edward C. Ettin
Deputy Director
Division of Research and Statistics
202 452-3368

RIN: 7100-AA59

Section 3
Completed Actions

20.

TITLE:

Regulation: D - Reserve Requirements of Depository Institutions
and Regulation: Q - Interest on Deposits (Docket Numbers: R-0565
and R-0566)

LEGAL AUTHORITY:

12 USC 371b
12 USC 461(b)

CFR CITATION:

12 CFR 204
12 CFR 217

ABSTRACT:

On March 31, 1986, the authority transferred to the Depository Institutions Deregulation Committee expired, and interest paid on deposits generally no longer is subject to regulation. The Board, therefore, in January 1986 proposed for comment amendments to its Regulations D and Q to reflect this expiration and to make other technical changes (51 FR 27, January 2, 1986). It is not expected that the changes in the regulations will have a significant adverse effect on small entities. Following review of the public comments, the Board adopted the proposals in March 1986.

TIMETABLE:	ACTION	DATE	FR CITE
	Board issued for comment proposals to amend Regulations D and Q	01/02/86	51 FR 27
	Board adopted final rule amending Regulations D and Q	03/20/86	51 FR 9629

EFFECTS ON SMALL BUSINESS AND OTHER ENTITIES: No

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RIN: 7100-AA57

21.

TITLE:

Regulation: H - Membership of State Banking Institutions in the Federal Reserve System

LEGAL AUTHORITY:

42 USC 4001 et seq

CFR CITATION:

12 CFR 208.8(e)

ABSTRACT:

In the April Agenda the Board indicated that it might review possible amendments to the flood insurance provisions of Regulation H to provide a decrease in paperwork, as required by OMB. Further staff review of this issue has indicated that the proposal would result in only a minimal burden reduction given current statutory requirements. Therefore, other provisions of Regulation H are being reviewed to identify those changes that would result in the desired decrease in reporting or recordkeeping burdens on State member banks.

TIMETABLE:

ACTION	DATE
Board review not expected	08/00/86

FR CITE

EFFECTS ON SMALL BUSINESS AND OTHER ENTITIES: No

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RIN: 7100-AA61

22.

TITLE:

Regulation: J - Collection of Checks and Other Items and Wire Transfers of Funds (Docket Number: R-0544)

LEGAL AUTHORITY:

12 USC 342 "Federal Reserve Act"
12 USC 248(o) "Federal Reserve Act"
12 USC 360 "Federal Reserve Act"
12 USC 248(i) "Federal Reserve Act"

CFR CITATION:

12 CFR 210

ABSTRACT:

In March 1985, the Board issued for comment proposed amendments to Regulation J intended to clarify certain issues that have arisen regarding Federal Reserve payments mechanism activities. Following review of the comments, the Board adopted final rules in June 1986 (51 FR 21740, June 16, 1986). The amendments include (1) permitting the owner or other subsequent holder injured by a Reserve Bank's alleged failure to exercise ordinary care in handling a check to bring suit against the Reserve Bank; (2) establishing a two-year limitation for actions against a Reserve Bank for alleged mishandling of the collection of checks or processing wire transfers and for actions against payor institutions for failure to follow the notification of nonpayment requirement; (3) permitting Reserve Banks to require any prior indorser to defend a suit even if the Reserve Bank has not been sued directly; (4) authorizing depository institutions to deposit with Reserve Banks for collection checks drawn on institutions in foreign countries where Reserve Banks have made arrangements for their collection; (5) clarifying that Reserve Banks are not liable for consequential damages in handling wire transfers; (6) adding the northern Mariana Islands to the Twelfth District for check collection purposes; and (7) clarifying the definitions in subpart A by incorporating by reference definitions of the Uniform Commercial Code. All amendments are effective August 1, 1986, except the two-year limitation period for action against Reserve Banks, which takes effect on January 1, 1990. It is not expected that the proposals will have a significant economic impact on a substantial number of small entities.

TIMETABLE:

	ACTION	DATE	FR CITE
	Board requested comment	03/28/85	50 FR 12310
	Board adopted amendments	06/16/86	51 FR 21740

TITLE:

Regulation: J - Collection of Checks and Other Items and Wire
Transfers of Funds (Docket Number: R-0544)

EFFECTS ON SMALL BUSINESS AND OTHER ENTITIES: No

AGENCY CONTACT:

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23.

TITLE:

Regulation: J - Collection of Checks and Other Items and Wire Transfers of Funds (Docket Number: R-0552)

LEGAL AUTHORITY:

12 USC 342 "Federal Reserve Act"
12 USC 248(o) "Federal Reserve Act"
12 USC 360 "Federal Reserve Act"
12 USC 248(i) "Federal Reserve Act"

CFR CITATION:

12 CFR 210

ABSTRACT:

In October 1985, the Board adopted a temporary amendment to Regulation J creating a standard holiday schedule to be applied to the recently adopted notification of nonpayment provision (50 FR 41335, October 10, 1985). Although the rule was effective immediately, the Board requested comment prior to adopting the rule permanently. Following review of the comments, the Board adopted a final rule which modifies the temporary rule slightly (51 FR 21740, June 16, 1986).

The regulation is not expected to have a significant impact on a substantial number of small entities.

TIMETABLE:

ACTION	DATE	FR CITE
Board requested comment	10/10/85	50 FR 41335
Board adopted amendment	06/16/86	51 FR 21740

EFFECTS ON SMALL BUSINESS AND OTHER ENTITIES: No

AGENCY CONTACT:

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24.

TITLE:

Regulation: J - Collection of Checks and Other Items and Wire Transfers of Funds (Docket Number: R-0558)

LEGAL AUTHORITY:

12 USC 342 "Federal Reserve Act"
12 USC 248(o) "Federal Reserve Act"
12 USC 360 "Federal Reserve Act"
12 USC 248(i) "Federal Reserve Act"

CFR CITATION:

12 CFR 210

ABSTRACT:

In November 1985, the Board proposed several measures to reduce Federal Reserve float (50 FR 47752, November 20, 1985). The proposals would: (1) amend Subpart A of the Board's Regulation J which governs the collection of checks and other items, to require paying banks that close voluntarily on days that are banking days for their Reserve Banks to pay on such days for cash items that Reserve Banks make available to them on such days; (2) modify the procedures used by Reserve Banks to recover the value of float generated in automated clearing house ("ACH") operations due to nonstandard holiday closings; (3) reduce financial risks to the Federal Reserve by changing procedures in handling ACH credit transactions on days that the originator is closed; and (4) establish a uniform holiday schedule to be followed by the Reserve Banks.

In June 1986, following review of the comments, the Board adopted the amendment to Subpart A of Regulation J, adopted a modified policy for recovering ACH float, and adopted a standard holiday schedule for Reserve Banks. The Board deferred action on the ACH risk issue until after the Board considers the larger issues of ACH risk (51 FR 21740 and 21421, June 16 and 12, 1986).

It is not expected that the proposals would result in any significant economic impact on a substantial number of small entities.

TIMETABLE:

	ACTION	DATE	FR CITE
	Board requested comment	11/20/85	50 FR 47752
	Board extended comment period		
	until	02/03/86	51 FR 613
	Board adopted proposals	06/12/86	51 FR 21421
		06/16/86	51 FR 21740

TITLE:

Regulation: J - Collection of Checks and Other Items and Wire
Transfers of Funds (Docket Number: R-0558)

EFFECTS ON SMALL BUSINESS AND OTHER ENTITIES: No

AGENCY CONTACT:

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25.

TITLE:

Regulation: Y - Bank Holding Companies and Change in Bank Control
(Docket Number: R-0511)

LEGAL AUTHORITY:

12 USC 1843(c)(8) "Bank Holding Company Act"

CFR CITATION:

12 CFR 225

ABSTRACT:

In March 1984, the Board proposed for comment an amendment to Regulation Y that would list certain additional nonbanking activities as generally permissible for bank holding companies under section 4(c)(8) of the Bank Holding Company Act (49 FR 9215, March 12, 1984). Following review of public comments, the Board on June 25, 1986, adopted the proposal by adding the following activities to the list of activities permissible in Regulation Y for bank holding companies: (1) commodity trading advisory and additional futures commission merchant services; (2) check guaranty services; (3) consumer financial counseling; (4) personal property appraisal; (5) tax planning and tax preparation; and (6) operating a credit agency and credit bureau. The Board also adopted a proposal to define and clarify the insurance agency and underwriting activities generally permissible for bank holding companies so as to conform the Board's Regulation Y to Title VI of the Garn-St Germain Depository Institutions Act, which was adopted in October 1982. The proposal enables bank holding companies to engage in additional activities and imposes no additional burden on any bank holding company.

TIMETABLE:

ACTION	DATE	FR CITE
Board requested comment	03/12/84	49 FR 9215
Board adopted proposals	06/25/86	

EFFECTS ON SMALL BUSINESS AND OTHER ENTITIES: No

AGENCY CONTACT:

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26.

TITLE:

Regulation: Y - Bank Holding Companies and Change in Bank Control
(Docket Number: R-0491)

LEGAL AUTHORITY:

12 USC 1843(c)(8) "Bank Holding Company Act"

CFR CITATION:

12 CFR 225

ABSTRACT:

In November 1983, the Board published for comment a proposal to eliminate the requirement in Regulation Y that bank holding companies engaging in credit life and credit accident and health insurance underwriting provide rate reductions or increased policy benefits in order to engage in this activity (48 FR 53125, November 25, 1983). Following review of public comments, the Board on June 25, 1986, adopted the proposal to delete the rate reduction requirement. The Board took this action because the requirement involved the Board in insurance rate setting, a prerogative of the states. The Board also cited the fact that the requirement was inequitably imposed only on bank holding company lenders, and because the potential adverse effects on the public that prompted the Board to impose this requirement in 1972 have become less significant and are not addressed by the rate reduction requirement.

This proposal relaxes the regulatory requirements on bank holding companies that engage in this activity.

TIMETABLE:

	ACTION	DATE	FR CITE
	Board requested comment	11/25/83	48 FR 53125
	Board adopted proposal	06/25/86	

EFFECTS ON SMALL BUSINESS AND OTHER ENTITIES: No

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RIN: 7100-AA40

27.

TITLE:

Regulation: Y - Bank Holding Companies and Change in Bank Control (Docket Number: R-0557)

LEGAL AUTHORITY:

12 USC 3907

12 USC 3909 "International Lending Supervision Act of 1983"

CFR CITATION:

12 CFR 225, Appendix A

ABSTRACT:

In November 1985, the Board proposed for comment an amendment to its Capital Guidelines that would define as primary capital perpetual debt securities issued by state member banks and bank holding companies, if such perpetual debt securities met specific criteria intended to make perpetual debt the functional equivalent, for capital purposes, of preferred stock (50 FR 47754, November 20, 1985).

The Board also proposed to limit the amount of preferred stock, perpetual debt, and mandatory convertible securities that could qualify as primary capital to 33-1/3 percent of primary capital exclusive of such instruments.

On July 11, 1986, the Board, following review of public comments, adopted this proposal with certain changes in the criteria of perpetual debt and with an increased limit on preferred stock (50 percent of primary capital exclusive of such instruments).

The proposal is not expected to have a significant effect on small banking organizations, particularly in view of the revised limits on preferred stock and since such institutions are not likely to issue perpetual debt.

TIMETABLE:

	ACTION	DATE	FR CITE
	Board requested comment	11/20/85	50 FR 47754
	Board adopted proposal	07/11/86	

EFFECTS ON SMALL BUSINESS AND OTHER ENTITIES: No

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RIN: 7100-AA65