

**FEDERAL RESERVE BANK
OF NEW YORK**

[Circular No. 10111
December 1, 1986]

PROPOSAL TO CHARGE FEES FOR CERTAIN SUPERVISORY ACTIVITIES

Comments Due by January 5, 1987

*To All Member Banks, Bank Holding Companies, Edge Corporations,
and Branches and Agencies of Foreign Banks in the Second Federal
Reserve District, and Others Concerned:*

Following is the text of a statement issued by the Board of Governors of the Federal Reserve System:

The Federal Reserve Board has issued for public comment a proposal to charge fees for the processing of applications and for the supervision and general oversight of Edge corporations. Comment should be received by January 5.

Under the Board's proposal, fixed fees would be imposed to recover the costs for the processing of bank holding company, international banking, and other applications. The proposal also calls for a schedule of annual assessments for the supervision of Edge corporations based on their total assets.

The Board is seeking public comment on whether such a system of fees should be imposed, whether the proposed fee schedules are equitable and appropriate, and whether the Board should consider charging for bank holding company inspections.

Printed on the following pages is the text of the proposal, which has been reprinted from the *Federal Register*. Comments thereon should be submitted by January 5, 1987, and may be sent to the Board of Governors, as specified in the notice, or to our Domestic Banking Applications Division.

E. GERALD CORRIGAN,
President.

FEDERAL RESERVE SYSTEM

12 CFR Parts 211 and 262

[Docket No. R-0584]

Rules of Procedure; Assessment of Fees for Supervision of Edge Corporations and for Processing Applications

AGENCY: Board of Governors of the Federal Reserve System.

ACTION: Proposed rulemaking.

SUMMARY: The Board of Governors of the Federal Reserve System, as part of an ongoing program of budgetary restraint, has decided to seek public comment on a limited proposal to assess fees for certain of its supervisory services. The Board is advancing this proposal as a possible revenue enhancing measure to supplement prior Board actions to streamline operations and eliminate unnecessary functions. This proposal is designed to recover part of the identifiable costs for certain supervisory functions. The Board is seeking comment on whether such a system of fees should be imposed and, if so, whether the proposed fee schedules are equitable and appropriate.

The Board has proposed that fees be assessed for supervision of Edge corporations and for a variety of final applications that are filed by bank holding companies, state member banks, and companies or individuals seeking to acquire control of such banking organizations. The Board has proposed to assess fees for general supervision and inspection *only* in the case of Edge corporations in an effort to avoid duplicating assessments by other bank regulatory agencies. In addition, the Board has proposed fixed fee schedules that are limited to recovering costs for the supervisory activities and the processing of applications on an average basis rather than a variable fee schedule based upon costs in an individual case.

DATE: Comments must be received by January 5, 1987.

ADDRESS: All comments, which should refer to Docket No. R-0584, should be mailed to William W. Wiles, Secretary, Board of Governors of the Federal Reserve System, 20th Street and Constitution Avenue, NW., Washington, DC 20551, or should be delivered to the Office of the Secretary, Room 2223, Eccles Building, 20th Street and Constitution Avenue, NW, between the hours of 8:45 a.m. and 5:15 p.m. weekdays. Comments may be inspected in Room 1122, Eccles Building between 8:45 a.m. and 5:15 p.m. weekdays.

FOR FURTHER INFORMATION CONTACT: Frederick M. Struble, Associate Director, (202) 452-3794, Don E. Kline, Associate Director, (202) 452-3421, Kevin M. Raymond, Supervisory Financial Analyst (202) 452-2573, or James V. Houpt, Supervisory Financial Analyst, (202) 452-3358; Division of Banking Supervision and Regulation; or for users of Telecommunications Devices for the Deaf, Earnestine Hill or Dorothea Thompson, (202) 452-3244, Board of Governors of the Federal Reserve System, Washington, DC 20551.

SUPPLEMENTARY INFORMATION:

Background

Federal and state supervision and regulation of banking organizations is designed to achieve a variety of public policy objectives, including: (1) Promoting the stability of the banking system and, more generally, the stability of financial markets and the economy at large, (2) protecting depositors and the viability of the federal deposit insurance fund, (3) preserving competition in local and regional banking markets, and (4) limiting dislocations in local communities resulting from bank failures. Individual banking organizations benefit from the system of government supervision and regulation designed to further these public policy objectives. Indirectly, they benefit from the stability of the system as a whole, from the public confidence that such stability engenders, and from efforts to limit or contain problems encountered by individual banking organizations. More directly, they benefit from regulations, off-site review, and on-site inspections and examinations designed to prevent problems from developing and to assist in identifying and correcting problems that may develop.

Individual organizations submitting applications to the Board of Governors of the Federal Reserve System ("Board") also benefit directly. The process of review sometimes detects existing problems of applicant organizations or organizations to be acquired. Such review may also identify potential problems that might arise as a result of the transaction that is the subject of the application. In addition to such screening, it is through the application process that individual organizations are able to expand and increase profit opportunities in a manner consistent with established public policy objectives.

Individual banking organizations, as direct beneficiaries, have been asked to bear a significant portion of the costs of bank supervision and regulation. State-chartered banking organizations, in

general, pay assessments and fees that cover the operating costs of the bank supervisory agencies of their state. In one-half of the states, the assessments and fees paid by state chartered banks go into the general funds of the state, and the agency operates on an annual appropriation by the legislature; in another 22 states the revenues are deposited in a special fund to be used only to cover the expenses of the banking agency, and the agency's budget is subject to approval by the legislature. In the three other states, all revenues are deposited with and controlled by the banking department, subject to the review of either the legislature or a state finance department. The extent to which operating budgets coincide with revenues collected varies from state to state. In cases where a misalignment exists, it appears that revenues generally exceed costs.

At the federal level, the supervisory costs incurred by individual bank supervisory agencies are paid in a variety of ways, including general assessments, hourly charges for examinations, fees assessed for processing applications and deposit insurance premiums. In part, such costs are also met from returns on investments or by means other than a direct charge to individual banking organizations.

The Board currently does not levy charges for any of its supervisory or regulatory activities. Prior to 1930, the Federal Reserve System was required by law to charge for its examination of member banks, but in that year Congress, at the recommendation of the Board, and because of concerns about double assessment by the Board and state supervisors, amended section 9 of the Federal Reserve Act to eliminate mandatory assessment of Federal Reserve member banks for examination expenses. The Board was given explicit authority to decide whether to assess state member banks for the cost of their examinations or to absorb these costs. (See 12 U.S.C. 326, as amended June 26, 1930 (46 Stat 814).) The Board has not charged state member banks for supervision since 1935. It has never charged for supervision of bank holding companies or of foreign branches of U.S. banks. Prior to 1958 the Board at times levied charges to cover part of its costs incurred in conducting examinations of Edge corporations. The Board has not levied such charges since 1958.

Purpose of the Proposed Rulemaking

The Board is seeking comment on this proposal to depart from past practice and begin to charge fees to banking

organizations for supervisory and regulatory oversight. The Board will evaluate whether the budgetary benefits of such a proposal in the form of additional revenue would be outweighed by possible adverse effects.

This proposal is advanced as a budgetary matter, to explore possible sources of additional revenue to complement actions already taken to streamline operations and eliminate unnecessary functions. The Board believes that in light of its expanded supervisory responsibilities since the passage of the Bank Holding Company Act in 1956, and in light of the fact that certain of these supervisory responsibilities would not result in the sort of double assessments that provided the basis for its efforts to eliminate fees and assessments in the past, it may be appropriate to request the individual organizations that benefit most directly from Board supervisory activities to assume a portion of the costs of that supervision.

The proposal, therefore, is designed to recover the costs of certain supervisory activities—to shift a portion of the costs of such supervision to those entities which receive the greatest direct benefit of such supervision—but to do so in a manner that, in the Board's view, will not be so burdensome as to alter business decisions. It should be stressed that the Board is making this proposal in the context of ongoing budgetary review, and it seeks comments upon the scope of services for which fees might be charged, the appropriate levels of such fees, and any adverse effects upon either the activities of banking institutions or the supervisory process that may result from the imposition of such fees.

There are two basic areas of Board responsibility for which the Board may impose fees: (1) General supervision, including inspection, examination, review of various types of reports of condition, and such oversight of corrective measures as may be necessary, and (2) applications, including those for acquisition of a bank, for geographic expansion or expansion into a new type of business activity, for change in business structure, and for acquisition of or change in control of a banking organization. The Board has considered assessment of fees in the first of these two areas and has proposed a very limited fee schedule in the supervisory area relating only to Edge corporations (as defined in section 25(a) of the Federal Reserve Act, 12 U.S.C. 611 *et seq.*). In the applications area, however, the Board has proposed a broader range of fee schedules

covering virtually all types of applications that come before the Board except those for Federal Reserve System membership.

Fees for Supervision of Edge Corporations

As noted above, the Board based its recommendation that Congress free it from the requirement to charge for its supervision of state member banks on the argument that banking organizations should not be required to pay a double assessment for government supervision. The Board also cited this consideration in deciding not to charge for the supervision of Edge corporations, noting that many of them are subsidiaries of commercial banks, which are assessed on the basis of their consolidated assets (including those of the Edge corporations) to cover costs of supervising and regulating the entire organization.

In recent years, however, significant numbers of Edge corporations have been established by foreign banks and by nonbanking firms, which are not subject to assessment by other U.S. banking agencies. Double assessment is not an issue in these cases. Moreover, while most Edge corporations continue to be owned by institutions that do pay assessments or fees to other banking agencies for their general supervision, only the Board specifically examines and supervises these Edge corporations. Section 25(a) of the Federal Reserve Act permits the Board to assess fees for supervision of Edge corporations (12 U.S.C. 611).

The Board considered two approaches to recover the costs of supervising Edge corporations—charging on the basis of examiner time devoted to examinations or charging annual assessments on the basis of an organization's size. While each approach has certain advantages, the Board has proposed to adopt a schedule of annual assessments based on the total assets of the Edge corporations. A significant proportion of the costs of supervising Edge corporations are incurred for various off-premises activities—collection and review of reports and other data, formulation of regulations, and monitoring of activities for compliance. Because on-site examinations are only part of a comprehensive supervisory system, the Board believes an annual general assessment based on an institution's size is a more suitable approach.

A general assessment would also be easier to administer and of greater benefit to the Board's budgeting process since the amounts assessed annually

would be more predictable. This approach would avoid potential disputes with Edge corporations about the accuracy of examiners' time records and the efficiency of their work. It also would avoid an additional recordkeeping burden for examiners. Moreover, a general assessment would assist the examined institutions to budget for this cost and would allow corporations experiencing serious difficulties to correct their problems without additional administrative fees for more frequent and longer examinations.

Table 1 contains a proposed schedule of annual assessments for Edge corporations. The proposed schedule is on a sliding scale based on the size and type of institution to be supervised. In Table 1, the Board distinguished between banking Edge corporations, which conduct banking activities in the United States relating to foreign or international transactions, and investment Edge corporations, which are essentially holding companies for foreign investments. The measure of size used for banking Edge corporations is their total assets, plus the volume of their outstanding standby letters of credit. Account has not been taken of other off-balance sheet items—either because of a lack of data or because the available data measure the volume of trading rather than the risk to an Edge corporation, as in the case of foreign exchange activities. The same measure would be used for investment Edge corporations, in their case consolidating the assets and standby letters of credit of their subsidiaries. It should be emphasized that the proposed schedule is tentative and subject to change based upon review of public comments.

Table 2 contains the general structure and size of Edge corporations and indicates revenues that would have been collected from these corporations in 1985. The size of banking Edges amounts to less than half that of investment Edges, while the estimated revenue in 1985 from these two types of Edge corporations would have been about equal. The estimated revenue to be derived from each type of Edge corporation is generally consistent with the relative amount of time the Board devotes to supervising that type of corporation. Less time is spent in supervising investment Edge corporations per dollars of assets, in part because their overseas subsidiaries (which account for virtually all of their assets) are examined only every two or three years. During the other years their assets and activities are reviewed using information available at the parent Edge

corporation. In addition, since certain U.S. laws and regulations are directed only toward a corporation's domestic business, the examinations of foreign activities can be narrower in scope than those of banking Edge corporations.

The Board has not proposed to charge for supervision of organizations other than Edge corporations. However, the Board requests comment on the concept of expanding such supervisory fees or assessments to cover bank holding company inspection and supervision.

Fees for Processing Bank Holding Company, International Banking, and Other Applications

The analysis performed by the Board on the various types of applications that it processes is, as a general rule, not duplicated by other banking agencies. Board fees for processing such applications generally would not duplicate assessments by other bank supervisors. Similarly, authority sought in applications before the Board is not granted by any other federal banking agency, although in some cases organizations applying for authority to form a bank holding company or to acquire a national or state bank may be required to submit concurrent applications to other federal or state agencies. The Board has traditionally attributed both direct and support costs to the processing of applications. The total of such direct and support costs incurred by the Board in processing applications were estimated to be \$18.0 million in 1985.

As in the case of Edge corporation supervision fees, the Board compared the advantages of basing a proposed fee schedule on staff time involved in processing an application with the alternative of establishing a standard schedule of fees that would be paid in filing specific types of applications. Although the hourly rate approach would provide a more exact method for charging applicants for the costs involved in processing specific applications, the Board believes that this approach would have significant administrative problems. There are a variety of Reserve Bank and Board functions involved in the applications process, and these functions involve personnel with a wide range of salary levels. Since applications staff members work on several applications at the same time, accounting for the hours spent on any given application and, therefore, the resulting billing would be quite complicated. Even more important, however, is the fact that issues raised by specific applications often have policy implications that go well beyond the acceptance or rejection of that

application. Thus the costs incurred in addressing those issues should properly be spread over subsequent applications which raise the same issues.

Under a standard fee approach, on the other hand, a fee schedule could be established for each type of application or for a group of applications, with the fees set to reflect the relative amount of staff time generally spent on the various types of applications (or groups of applications). Under this approach, applicants would know in advance of the costs of processing an application. Those applicants raising significant issues of first impression, resolution of which would expedite processing of future applications, would not bear a disproportionate part of the costs of resolving such questions. There appear to be fewer administrative problems associated with this type of approach, since staff would not have to compile complex records of time spent on individual applications.

The proposed Table 3 would group the types of applications processed by four general categories and would establish a fee schedule necessary to permit recovery of 1985 processing costs. The Board recognizes that the volume of applications submitted varies from year to year, and that revenues would vary with the volume of applications.

The proposed fee schedule contained in Table 3, does not vary according to the size of the applicant or organization to be acquired. As a general rule—to which there are many exceptions—the applications of larger organizations within a given category are more complex than those of smaller organizations and require more processing time. Accordingly, the Board has also proposed, and seeks comment upon Table 4, a flexible rate schedule for different types of applications based upon the size of the applicant. Table 4 contains the same four groupings or categories of applications as Table 3. There is a maximum level of fees proposed on the theory that processing costs do not continue to increase in direct proportion to the size of a banking organization applicant. Moreover, there is no sliding scale for applications to install automated teller machines since the costs of processing these applications do not vary with size. The size of the applicant in Table 4 is to be computed on a pro forma consolidated assets basis, that is after including the assets of any acquisition that may be the subject of the application for which the fee is assessed. Table 4 presents an alternative to Table 3 that would recover the same level of 1985 costs.

Both Table 3 and Table 4 are based on a system of fees for all applications filed with the Board except for those involving membership in the Federal Reserve System. The Board believes that a fee for membership would in all cases constitute a double charge against state banks that must pay certain fees or assessments to state supervisory agencies. Moreover, such banks already bear additional costs in the form of the requirement to purchase stock in a Federal Reserve Bank.

This proposal also contemplates a fee only for final applications and notices filed with and accepted by the Federal Reserve System, including notices for change in control of a bank holding company or state member bank, applications by U.S. banking organizations to engage in activities in other countries, and applications for merger, acquisitions, branches and automated teller facilities. There will be no assessment for review of draft applications.

Specific Issues for Comment

The Board requests comment on the following issues raised by the proposed rulemaking.

1. The board seeks comment initially, and most importantly, on the advisability of charging fees for any of its supervisory or regulatory services. The Board requests comment on whether the assessment of fees would adversely affect the examination or inspection process or diminish cooperation and communication between the Board and supervised institutions to a significant degree. The board also seeks suggestions on how this proposal may be modified to minimize any such potential problems.

2. The Board seeks comment as a general matter on the scope of supervisory and application activities for which fees should be assessed. More particularly, the Board seeks comment on whether it should assess fees for the general supervision and inspection of bank holding companies. Such fees would not appear to duplicate charges by other regulatory agencies and some of the arguments in favor of fees for the supervision of Edge corporations would apply equally to bank holding companies.

3. In view of the tentative nature of the proposed fee schedules, the Board seeks comment on the following issues with respect to fees for supervision of Edge corporations:

- (a) the distinction between banking & investment Edges,
- (b) the use of an annual assessment as the basis for the fee schedules,

(c) the use of a sliding scale based on size,

(d) how the size of Edge corporations should be determined, including the use of some off balanced sheet items in determining size, and

(e) whether the proposed fee levels are equitable and appropriate.

4. The Board seeks comment on the following issues with respect to the fee schedules for applications:

(a) the grouping of applications in categories and appropriate placement of each type of application,

(b) whether to choose the fee schedule model or Table 3 or Table 4, and

(c) whether the proposed fees are appropriate and equitable.

5. The Board requests comment upon a variety of issues involved in administering the proposed fee schedules for applications should they be adopted, including:

(a) When fees should be paid,

(b) Whether fees should be charged for draft applications,

(c) Whether fees should be refunded upon withdrawal of the application,

(d) Whether fees should be assessed for emergency applications,

(e) Whether fees should be adjusted for dual applications for the same transaction,

(f) Whether fees should attach to notices as well as applications, and

(g) Whether fees should be charged for applications for membership in the Federal Reserve System.

(h) Whether the Board should separately recover the cost of publishing notice of applications in the Federal Register

TABLE 1.—PROPOSED ASSESSMENT SCHEDULE FOR EDGE CORPORATIONS

Total assets plus standby letters of credit (dollars in millions)	Assess this amount	Plus	Of excess over (dollars in millions)
Banking Edges: ¹			
\$0 to 10 million	\$2,000	0.000200	\$0
10 to 25	4,000	0.000130	10
25 to 100	6,000	0.000120	25
100 to 500	15,000	0.000100	100
Over 500	55,000	0.000078	500
Investment Edges: ¹			
\$0 to 10 million	1,000	0.000100	0
10 to 100	2,000	0.000060	10
100 to 1,000	7,500	0.000055	100
1,000 to 5,000	57,000	0.000040	1,000
Over 5,000	237,000	0.000032	5,000

¹ Banking Edge corporations conduct banking activities in the United States related to foreign or international transactions, while investment Edges are essentially holding companies for foreign investments. The size categories for banking Edges refer to their estimated assets, based on data they submit on FR 2886b reports. The size categories for investment Edges refer to the estimated consolidated assets of these corporations and their majority-owned (or otherwise controlled subsidiaries).

TABLE 2.—ESTIMATED REVENUE COLLECTABLE FROM EDGE CORPORATIONS BASED ON ASSESSMENT SCHEDULES SHOWN IN TABLE 1

Size category ¹	Number of corporations	Aggregate assets + standby L/C (\$000,000)	Estimated revenue (\$000)
Banking Edges:			
Less than \$10 million	19	\$94	\$73
10 to 25	12	194	69
25 to 100	27	1,509	254
100 to 1,000	20	4,800	709
Over 500	11	14,095	1,204
Subtotal	89	20,692	2,309
Investment Edges:			
Less than \$10 million	16	50	10
10 to 100	15	622	58
100 to 1,000	5	2,584	152
1,000 to 5,000	9	25,280	1,163
Over 5,000	2	21,421	839
Subtotal	47	49,957	2,222
Total	135	\$70,649	\$4,531

¹ The size categories for banking corporations refer to their estimated assets, based on data these corporations submit on FR 2886b reports. The size categories for investment Edges refer to the estimated consolidated assets of these corporations and their majority-owned (or otherwise controlled) subsidiaries, since these corporations are principally holding companies for foreign investments.

TABLE 3.—PROPOSED FEE SCHEDULE FOR PROCESSING APPLICATIONS SUBMITTED TO THE FEDERAL RESERVE SYSTEM

Type of application	Proposed fee	1985	
		Applications volume	Total revenue dollars in Thousands
Category A: Bank holding company formations, acquisition of banks and acquisition of nonbanks (going concerns); bank holding company stock redemptions and changes in control; international investment applications	\$8,000	1,958	\$15,664
Category B: Initial foreign branches, Edge Act and other international applications, domestic bank mergers, and changes in control for state member banks	5,000	130	650
Category C: Bank holding company nonbank acquisitions (de novo) and export trading company notifications; state member bank branches, bank service corporations, investments in bank premises and issuance of capital notes by state member banks; additional foreign branch and investment notifications	2,500	628	1,570
Category D: ATM branches	1,000	64	64
Total		2,780	\$17,948

TABLE 4.—PROPOSED FEE SCHEDULE FOR PROCESSING APPLICATIONS SUBMITTED TO THE FEDERAL RESERVE SYSTEM

Assets ¹		Proposed fee		
3Over	But not over	This amount	Plus	Of excess
Category A ²				
\$0	\$150M	\$5,000	0	—
150M	IB	5,000	.0000058	\$150M
IB	5B	10,000	.0000012	IB
5B	10B	15,000	.0000009	5B
10B	—	20,000	—	—
Category B ²				
\$0	\$150M	\$2,500	0	—
150M	IB	2,500	.0000029	\$150M
IB	5B	5,000	.0000006	IB
5B	10B	7,500	.0000005	5B
10B	—	10,000	—	—
Category C ²				
\$0	\$150M	\$1,250	0	—
150M	IB	1,250	.0000014	\$150M
IB	5B	2,500	.0000003	IB
5B	10B	3,750	.0000002	5B
10B	—	5,000	—	—
Category D ² \$1,000				

¹ Total assets are to be measured on a pro forma basis—that is, the applicant's total assets if its application is approved.

² For types of applications and notifications included in each category, see Table 3.

Regulatory Flexibility Act

The Board is sensitive to the impact of the proposed rule on small entities. Consequently, the Board is considering the imposition of fees for supervision of Edge corporations and for applications on a sliding scale based upon the size of the regulated organization. It has proposed comparatively limited fee assessments for smaller organizations. Moreover, the proposed schedules are designed only to recover partially those costs associated with a particular supervisory activity. The Board believes the fees payable will be sufficiently small as to have no significant impact on the financial stability of a reasonably profitable institution.

The proposed regulation imposes no additional information collection requirements.

List of Subjects

12 CFR Part 211

Banks, banking, Federal Reserve System, Foreign banking, Reporting and recordkeeping requirements, Export trading companies, Allocated transfer risk reserve, Reporting and disclosure of international assets, Accounting for fees on international loans.

12 CFR Part 262

Administrative practice and procedure, Banks, banking, Federal Reserve System, Holding companies.

For the reasons set forth above, the Board proposes to amend 12 CFR Parts 211 and 262 as follows:

PART 211—INTERNATIONAL BANKING OPERATIONS

It is proposed to amend 12 CFR Part 211 as follows:

1. The authority citation for Part 211 continues to read as follows:

Authority: Federal Reserve Act (12 U.S.C. 211 *et seq.*); Bank Holding Company Act of 1956, as amended (12 U.S.C. 1841 *et seq.*); the International Banking Act of 1978 (Pub. L. 95-369; 92 Stat. 607; 12 U.S.C. 3101 *et seq.*); the Bank Export Services Act (Title II, Pub. 97-290, 96 Stat. 1235); and the International Lending Supervision Act (Title IX, Pub. L. 98-181, 97 Stat. 1153).

2. Section 211.4 is amended by adding paragraph (a)(7) to read as follows:

§ 211.4 Edge and Agreement Corporations.

(a) * * *

(7) Fees. Edge corporations shall be assessed an annual fee by the Board for supervision and inspection. The schedule of such fees is provided in § 262.3(d) of the Board's Rules of Procedure, 12 CFR 262.3(d).

* * * * *

PART 262—RULES OF PROCEDURE

It is proposed to amend 12 CFR Part 262 as follows:

3. The authority citation for Part 262 is revised to read as follows:

Authority: Administrative Procedure Act (5 U.S.C. 552); Bank Holding Company Act (12 U.S.C. 1841 *et seq.*); Federal Reserve Act (12 U.S.C. 211 *et seq.*); International Banking Act of 1978 (12 U.S.C. 3101 *et seq.*) and the International Lending Supervision Act (12 U.S.C. 3901 *et seq.*).

§ 262.3 [Amended]

4. Paragraphs 262.3 (d) through (l) are redesignated as paragraphs 262.3 (e) through (m).

5. A new paragraph (d) is added to § 262.3 to read as follows:

§ 262.3 Applications.

* * * * *

(d) (1) The Board shall assess fees for the filing of all applications (except applications for membership in the Federal Reserve System) according to the following schedule.

FEE SCHEDULE FOR PROCESSING APPLICATIONS SUBMITTED TO THE FEDERAL RESERVE SYSTEM

Assets ¹		Processing fee		
Over	But not over	This amount	Plus	Of excess
Category A ²				
\$0.....	\$150M	\$5,000	0	
150M.....	1B	5,000	.0000058	\$150M
1B.....	5B	10,000	.0000012	1B
5B.....	10B	15,000	.0000009	5B
10B.....		20,000		
Category B ³				
\$0.....	\$150M	\$2,500	0	
150M.....	1B	2,500	.0000029	\$150M
1B.....	5B	5,000	.0000006	1B
5B.....	10B	7,500	.0000005	5B
10B.....		10,000		
Category C ⁴				
\$0.....	\$150M	\$1,250	0	
150M.....	1B	1,250	.0000014	\$150M
1B.....	5B	2,500	.0000003	1B
5B.....	10B	3,750	.0000002	5B
10B.....		5,000		
Category D ⁵ \$1,000				

¹Total assets are to be measured on a pro forma basis—that is, the applicant's total assets if its application is approved.

²Category A applications include: bank holding company formations, acquisition of banks and acquisition of nonbanks, (going concerns); bank holding company stock redemptions, and changes in control; international investment applications.

³Category B applications include: initial foreign branches, Edge Act and other international applications, domestic bank mergers, and changes in control for state member banks.

⁴Category C applications include: Bank holding company nonbank acquisitions (de novo) and export trading company notifications; state member bank branches, bank service corporations, investments in bank premises and issuance of capital notes by state member banks; additional foreign branch and investment notifications.

⁵Category D includes ATM branches. All ATM branches pay the same processing fee

(2) The Board shall assess annual fees for the supervision and inspection of Edge corporations (as defined in section

25(a) of the Federal Reserve Act, 12 U.S.C. 611 *et seq.*) according to the following schedule.

ASSESSMENT SCHEDULE FOR EDGE CORPORATIONS

Total assets plus standby letters of credit (dollars in millions)	Assess this amount	Plus	Of excess over (dollars in millions)
Banking Edges: ¹			
\$0 to 10 million.....	\$2,000	0.000200	\$0
10 to 25.....	4,000	0.000130	10
25 to 100.....	6,000	0.000120	25
100 to 500.....	15,000	0.000100	100
Over 500.....	55,000	0.000078	500
Investment Edges: ¹			
\$0 to 10 million.....	1,000	0.000100	0
10 to 100.....	2,000	0.000060	10
100 to 1,000.....	7,500	0.000055	100
1,000 to 5,000.....	57,000	0.000040	1,000
Over 5,000.....	237,000	0.000032	5,000

¹ Banking Edge corporations conduct banking activities in the United States related to foreign or international transactions, while investment Edges are essentially holding companies for foreign investments. The size categories for banking Edges refer to their estimated assets, based on data they submit on FR 2886b reports. The size categories for investment Edges refer to the estimated consolidated assets of these corporations and their majority-owned (or otherwise controlled) subsidiaries.

Board of Governors of the Federal Reserve System, November 12, 1986.

William W. Wiles,

Secretary of the Board.

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