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# NOTICE

## BOARD OF GOVERNORS' SEMIANNUAL REGULATORY AGENDA

October 1, 1988 — April 1, 1989

The Semiannual Regulatory 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.

A copy of the Agenda is being mailed to those on our mailing list that have previously requested it. Copies will be furnished to others upon request (Tel. No. 212-720-5215 or 5216).

Circulars Division  
FEDERAL RESERVE BANK OF NEW YORK  
September 1988

AT 10261

# Federal Reserve System

## Semiannual Regulatory Agenda October 1, 1988 — April 1, 1989

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### BOARD OF GOVERNORS' SEMIANNUAL REGULATORY AGENDA

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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.

Circulars Division  
FEDERAL RESERVE BANK OF NEW YORK

FEDERAL RESERVE SYSTEM

[12 CFR CHAPTER II]

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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, 1988, through April 1, 1989. The next Semiannual Agenda will be published in April 1989.

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.

FOR FURTHER INFORMATION CONTACT: A staff contact for each item is indicated with the regulatory description below.

SUPPLEMENTARY INFORMATION: The Board is publishing its October 1988 Agenda as part of the October 1988 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

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Barbara R. Lowrey  
Associate Secretary of the Board

Section 1  
Proposed Rule Stage

1.

**TITLE:**

Regulation: E - Electronic Fund Transfers

**LEGAL AUTHORITY:**

15 USC 1693 et seq "Electronic Fund Transfer Act"

**CFR CITATION:**

12 CFR 205

**ABSTRACT:**

During the next six months, the Board will conduct a review of Regulation E, which implements the Electronic Fund Transfer Act, and establishes the basic rights, liabilities, and responsibilities of consumers who use electronic fund transfer services and of financial institutions that offer these services (whether or not these institutions hold the consumer's account). The review will consider whether any provisions of the regulation are in need of updating and whether any substantive changes are necessary because of technological developments. The Board will also consider whether to make any legislative recommendations for statutory changes.

Public comment will be requested on any regulatory proposals that may be developed following the review. It is not anticipated that the revisions would have a significant economic impact on a substantial number of small banks.

**TIMETABLE:**

	ACTION	DATE	FR CITE
Board will consider revisions to Regulation E during the next six months		04/00/89	

**EFFECTS ON SMALL BUSINESS AND OTHER ENTITIES:** No

**AGENCY CONTACT:**

Dolores S. Smith  
Assistant Director  
Division of Consumer and Community Affairs  
202 452-2412

**RIN:** 7100-AA77

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	10/00/88

FR CITE

**EFFECTS ON SMALL BUSINESS AND OTHER ENTITIES:** No

**AGENCY CONTACT:**

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

**RIN:** 7100-AA67

3.

**TITLE:**

Regulation: K - International Banking Operations

**LEGAL AUTHORITY:**

12 USC 1843 (c)(13)  
12 USC 601 to 604a  
12 USC 611 to 631

**CFR CITATION:**

12 CFR 211

**ABSTRACT:**

The Board will consider whether to publish for public comment a proposed amendment to Regulation K to permit U.S. banking organizations to engage in a broader range of activities abroad. Specifically, the Board will consider whether U.S. banking organizations should be permitted to underwrite, distribute, and deal in equity securities outside the United States in excess of the current restriction in Regulation K, which prohibits a subsidiary of a U.S. banking organization from making an underwriting commitment for shares of an issuer in excess of: (i) \$2 million, or (ii) 20 percent of the capital and surplus of the issuer's voting shares, unless covered by binding commitments from subunderwriters or other purchasers.

In addition, the Board will consider whether the purchases of shares of companies held in trading accounts should continue to be subject to the investment procedures set out in Regulation K at 12 CFR 211.5(c).

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

**TIMETABLE:**

	ACTION	DATE	FR CITE
Board may consider an amendment to		04/00/89	
Regulation K			

**EFFECTS ON SMALL BUSINESS AND OTHER ENTITIES: No**

**AGENCY CONTACT:**

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



4.

**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 economic impact on a substantial number of small banks.

**TIMETABLE:**

ACTION	DATE	FR CITE
Board will consider revisions to Regulation P	10/00/88	

**EFFECTS ON SMALL BUSINESS AND OTHER ENTITIES:** No

**AGENCY CONTACT:**

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

**RIN:** 7100-AA69

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 four 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 11/00/88

**EFFECTS ON SMALL BUSINESS AND OTHER ENTITIES:** No

**AGENCY CONTACT:**

Laura Homer

Securities Credit Officer

Div. of Banking Supervision and Regulation

202 452-2781

**RIN:** 7100-AA72

6.

**TITLE:**

Regulation: T - Credit by Brokers and Dealers

**LEGAL AUTHORITY:**

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

**CFR CITATION:**

12 CFR 220

**ABSTRACT:**

Several national securities exchanges have proposed trading new stock-index-related products, often called "index participations." Because these products may not fit the existing categories of securities in Regulation T, it is expected that the Board will address the marginability of these products at broker-dealers.

It is not anticipated that this proposal will affect a significant portion of the overall lending activities of a substantial number of small firms.

**TIMETABLE:**

	ACTION	DATE	FR CITE
Board may address marginability of new exchange-traded products under Regulation T		10/00/88	

**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 will review this provision of the regulation in connection with the Board's rulemaking regarding real estate investment activities (see Docket Number R-0537 and R-0616).

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.

In light of pending legislative proposals in this area, the Board does not intend to take action at the present time.

**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
	Further action indefinite	04/00/89	

**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:**

Proposals for Long-Term Improvement to the Check Collection System (Docket Number: R-0622)

**LEGAL AUTHORITY:**

12 USC 4001 et seq

**CFR CITATION:**

00 CFR none

**ABSTRACT:**

In December 1987, the Board published for comment several proposals that have the potential to improve the check collection system (52 FR 47112, December 11, 1987). They are, however, long-term proposals that are not likely to be implemented in the immediate future. They include bar-code indorsements, digitized image processing of checks, electronic clearing zones, and an electronic clearing house.

If these were to be introduced, they would likely have a significant economic impact on a substantial number of small banks and small entities including state and local governments that use their services.

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

**TIMETABLE:**

	ACTION	DATE	FR CITE
Board issued proposals for comment		12/11/87	52 FR 47112
Board may take further action		12/00/89	

**EFFECTS ON SMALL BUSINESS AND OTHER ENTITIES: Yes**

**AGENCY CONTACT:**

Steven O. App  
Manager  
Div. of Federal Reserve Bank Operations  
202 452-3760

9.

**TITLE:**

Private Sector Presentment (Docket Number: R-0631)

**LEGAL AUTHORITY:**

12 USC 4008(c)

**CFR CITATION:**

00 CFR None

**ABSTRACT:**

In April 1988, the Board requested comment on whether it should require paying banks to pay for checks presented by private sector collecting banks before 2:00 p.m. in same-day funds and without imposing presentment fees (53 FR 11911, April 11, 1988). The purpose of such a regulation would be to speed the forward collection of checks by requiring paying banks to accept checks without charging a fee later in the day, thus increasing the number of checks that can be collected that day. It would give private sector collecting banks the same rights vis-a-vis paying banks as the Federal Reserve Banks now have.

The Board has not yet made a specific proposal to amend its regulation in this regard. Rather, it is merely requesting comment on the idea of same-day payment in private sector presentments. If such a regulation were to be adopted, small entities that might be affected include small banks and state and local governments.

The Board will review the public comments and determine whether to propose specific regulations.

**TIMETABLE:**

	ACTION	DATE	FR CITE
	Board requests comment	04/11/88	53 FR 11911
	Board extends comment period to	07/21/88	53 FR 27565
	December 1, 1988		
	Board will review further	04/00/89	

**EFFECTS ON SMALL BUSINESS AND OTHER ENTITIES:** Yes

**AGENCY CONTACT:**

Louise L. Roseman  
Assistant Director  
Div. of Federal Reserve Bank Operations  
202 452-2789

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 two 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	10/00/88	

**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: H - Membership of State Banking Institutions in the Federal Reserve System (Docket Number: R-0636)

**LEGAL AUTHORITY:**

12 USC 248  
12 USC 321 to 338  
12 USC 486  
12 USC 1814  
12 USC 3907  
12 USC 3909

**CFR CITATION:**

12 CFR 208.17

**ABSTRACT:**

In June 1988, the Board issued for comment an amendment to Regulation H designed to facilitate the fullest possible dissemination of publicly available information regarding the condition of state member banks (53 FR 19308, June 3, 1988). The amendment would require such banks to make available upon request their year-end reports of condition or other suitable documents describing their condition.

The proposal is not likely to have a significant economic impact on a substantial number of small banks since it would impose no new reporting requirements, but simply require banks to make existing documents available to members of the public.

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

**TIMETABLE:**

ACTION	DATE	FR CITE
Proposed regulation issued for public comment	06/03/88	53 FR 19308
Futher Board action by	10/00/88	

**EFFECTS ON SMALL BUSINESS AND OTHER ENTITIES: No**

**AGENCY CONTACT:**

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

RIN: 7100-AA86

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	10/00/88	

**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 four 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	12/00/88	

**EFFECTS ON SMALL BUSINESS AND OTHER ENTITIES: No**

**AGENCY CONTACT:**

Patrick J. McDivitt  
Attorney  
Legal Division  
202 452-3818

**RIN: 7100-AA56**

14.

**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 December 1986, the Board requested public comment on a proposal to permit bank holding companies to engage in real estate investment activities within certain limits (52 FR 543, January 7, 1987). The proposed limits are designed to ensure that conduct of the activity does not result in unsafe or unsound practices, unfair competition, conflicts of interest or other adverse effects.

The Board requested public comment on a number of specific items, including whether real estate investment activities may be deemed to be closely related to banking and a proper incident thereto for purposes of section 4(c)(8) of the Bank Holding Company Act; whether the proposed limits on the size, scope, and manner in which the activity would be conducted are appropriate; whether nonbank companies owned by holding company banks should be prohibited from conducting these activities; and whether the Board should establish special capital requirements for bank holding companies that control banks directly engaged in these activities.

The proposal, if adopted, would permit bank holding companies to engage in limited real estate investment activities that bank holding companies are not now permitted to conduct and would not impose more burdensome requirements on bank holding companies than are currently applicable. Moreover, the proposal includes provisions designed to permit small bank holding companies to participate meaningfully in the proposed activities. The proposal does not impose any limitations on the direct real estate investment activities of holding company banks. (See Docket Number R-0616, for additional information on proposed real estate investment limitations.)

In light of pending legislative proposals in this area, the Board does not intend to take action at the present time.

**TITLE:**

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

**TIMETABLE:**

	ACTION	DATE	FR CITE
	ANPRM	01/31/85	50 FR 4519
Board issues proposal for comment		01/07/87	52 FR 543
Further Board action indefinite		04/00/89	

**EFFECTS ON SMALL BUSINESS AND OTHER ENTITIES:** No

**AGENCY CONTACT:**

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

**RIN:** 7100-AA52

15.

**TITLE:**

Regulation: Y - Bank Holding Companies and Change in Bank  
Control and Regulation H - Membership of State Banking  
Institutions (Docket Number: R-0616)

**LEGAL AUTHORITY:**

12 USC 1843 (c)(8)  
12 USC 371c  
12 USC 3901

**CFR CITATION:**

12 CFR 225.13 (b)(1)  
12 CFR 225, Appendix  
12 CFR 208.14

**ABSTRACT:**

In November 1987, the Board requested comment on whether, in evaluating proposals submitted under section 3 of the Bank Holding Company Act, the Board should consider the impact of real estate activities of the bank to be acquired by the bank holding company on the financial condition of the bank and bank holding company, and, where appropriate, should prohibit banks and savings banks that are acquired by bank holding companies from directly engaging in real estate investment and development activities (52 FR 42301, November 4, 1987).

The Board also requested comment on whether member banks that are not in a bank holding company should be made subject to the interaffiliate lending restrictions of section 23A of the Federal Reserve Act in their dealings with real estate investment and development subsidiaries of the bank.

Finally, the Board requested comment on whether the Board should impose special capital requirements on real estate subsidiaries of banks in a bank holding company, under the Board's authority in the International Lending Supervision Act. These three proposals supplement the Board's earlier request for comment in December 1986 regarding whether the Board should permit bank holding companies to engage in real estate investment activities.

This proposal is not expected to have a significant economic impact on small companies because the Board believes that very few small banks are currently engaged in real estate investment and development activities, and bank holding companies are not generally permitted to engage in these activities.

In light of pending legislative proposals in this area, the Board does not intend to take action at the present time.

**TITLE:**

Regulation: Y - Bank Holding Companies and Change in Bank  
Control and Regulation H - Membership of State Banking  
Institutions (Docket Number: R-0616)

**TIMETABLE:**

	ACTION	DATE	FR CITE
	Board requested public comment	11/04/87	52 FR 42301
	Further Board action indefinite	04/00/89	

**EFFECTS ON SMALL BUSINESS AND OTHER ENTITIES:** No

**AGENCY CONTACT:**

Scott G. Alvarez  
Senior Counsel  
Legal Division  
202 452-3583

**RIN:** 7100-AA88



16.

**TITLE:**

Regulation: Y - Bank Holding Companies and Change in Bank Control (Docket Number: R-0614)

**LEGAL AUTHORITY:**

12 USC 1843 (c)(8)

**CFR CITATION:**

12 CFR 225.25 (b)(9)

**ABSTRACT:**

In September 1987, the Board requested public comment on whether the Board should authorize bank holding companies to acquire thrift institutions as a general matter under section 4(c)(8) of the Bank Holding Company Act (52 FR 36041, September 25, 1987). The Board currently permits bank holding companies to acquire thrift institutions only if the thrift is failing or has failed, and the acquisition is likely to result in revitalization of the thrift.

The Board has requested comment on whether changes in the economic and regulatory environment, in particular, the expansion of the powers of thrifts and the growth in state initiatives authorizing interstate banking, justify revisions of the Board's policy and the authorization of thrift acquisitions by bank holding companies. The Board also requested comment on what, if any, conditions the Board should impose on bank holding companies seeking to acquire thrifts.

The Board's proposal, if adopted, is not expected to impose a substantial economic burden on small bank holding companies because this action, if taken, would permit all bank holding companies to acquire thrift institutions, and would not impose different requirements on companies based on their size.

In light of pending legislative proposals in this area, the Board does not intend to take action at the present time.

**TIMETABLE:**

	ACTION	DATE	FR CITE
	Board requested public comment	09/25/87	52 FR 36041
	Further Board action indefinite	04/00/89	

**EFFECTS ON SMALL BUSINESS AND OTHER ENTITIES:** No

**AGENCY CONTACT:**

Michael J. O'Rourke  
Senior Attorney  
Legal Division  
202 452-3288

**RIN:** 7100-AA89

17.

**TITLE:**

Regulation: Y - Bank Hold Companies and Change in Bank Control  
(Docket Number: R-0637)

**LEGAL AUTHORITY:**

12 USC 1843

**CFR CITATION:**

12 CFR 225

**ABSTRACT:**

In June 1988, the Board proposed for comment amendments to Regulation Y to implement the limitations on grandfathered nonbank banks and industrial banks set forth in the Competitive Equality Banking Act of 1987 (CEBA) (53 FR 21462, June 1, 1988). The limitations in CEBA on nonbank banks include restrictions on new activities, joint-marketing with affiliates, annual growth, and overdrafts. Only the overdraft restriction applies to industrial banks.

The overdraft restriction requires nonbank banks and industrial banks to keep records of their affiliates' transactions in order to measure overdrafts. Because the overdraft restriction is required by CEBA, small entities cannot be exempted from this recordkeeping requirement.

An informal hearing on the public comments was held on July 29, 1988. Further Board action is expected within the next six months.

**TIMETABLE:**

ACTION	DATE	FR CITE
Board requested public comment	06/1/88	53 FR 21462
Further Board action by	04/00/89	

**EFFECTS ON SMALL BUSINESS AND OTHER ENTITIES:** Yes

**AGENCY CONTACT:**

Elaine Boutilier  
Senior Attorney  
Legal Division  
202 452-2418

**RIN:** 7100-AA87

18.

**TITLE:**

Regulation: Z - Truth in Lending (Docket Number R-0625)

**LEGAL AUTHORITY:**

15 USC 1604, as amended, Truth in Lending Act

**CFR CITATION:**

12 CFR 205

**ABSTRACT:**

In December 1987, the Board published a proposal to amend Regulation Z to require additional disclosures for home equity lines of credit (52 FR 48702, December 24, 1987). The disclosures would apply to home equity transactions secured by a consumer's principal dwelling and would be provided much earlier in the credit-granting process. Most of the public comments supported additional disclosure requirements but raised substantive questions about several aspects of the proposal.

In response to the comments, a revised draft was developed and circulated to those who commented on the December proposal. The revised draft is similar to the December proposal in requiring creditors to give more information about the terms and conditions of a home equity plan. In the case of variable rate plans, more information about the variable rate feature as well as an historical table showing the effects of index changes on interest rates over a fifteen-year period also would be provided.

Creditors also would have to give consumers a brochure that describes home equity loans.

The revised draft, however, differs from the December proposal concerning the timing, content, and format of the disclosures that must be provided. The changes respond to both technical and substantive questions raised by the commenters.

If the Board adopts the revised proposal, small institutions engaged in home equity lending could incur additional expenses, including costs to revise and reprint disclosure forms and to acquire and distribute the home equity brochures.

Before adopting any final amendments to its rule, the Board would consider appropriate steps to minimize the burdens and costs of compliance. Although the revised proposal is ready for final action, the Board is delaying action because of legislation pending in Congress that would impose additional disclosure requirements and substantive restrictions on home equity loans.

**TITLE:**

Regulation: Z - Truth in Lending (Docket Number R-0625)

**TIMETABLE:**

	ACTION	DATE	FR CITE
	Board proposed amendment	12/24/87	52 FR 48702
	Further Board action indefinite	04/00/89	

**EFFECTS ON SMALL BUSINESS AND OTHER ENTITIES:** Yes

**AGENCY CONTACT:**

Sharon Bowman  
Attorney  
Division of Consumer and Community Affairs  
202 452-3667

**RIN:** 7100-AA91

19.

**TITLE:**

Regulation: CC - Availability of Funds and Collection of Checks  
(Docket Number: R-0639)

**LEGAL AUTHORITY:**

12 USC 4001 et seq

**CFR CITATION:**

12 CFR 229.36

**ABSTRACT:**

In June 1988, the Board issued for comment a proposed amendment to Regulation CC that would prohibit banks from issuing teller's checks unless a depository bank located in the same check processing region as the issuing bank would normally receive credit for the check as early as credit for a check drawn on the issuing bank (53 FR 24093, June 27, 1988). The purpose of the amendment is to address the problems connected with certain delayed disbursement practices.

The rule will affect all banks regardless of size. It is not expected that the proposal will impose significant costs on small banks other than the costs of changing paying banks and purchasing new check stock for those banks that do not currently meet the equivalent availability standards.

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

**TIMETABLE:**

	ACTION	DATE	FR CITE
	Board requested comment on a	06/27/88	53 FR 24093
	proposed amendment to Regulation CC		
	Further Board action by	11/00/88	

**EFFECTS ON SMALL BUSINESS AND OTHER ENTITIES:** Yes

**AGENCY CONTACT:**

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20.

**TITLE:**

Further Proposals to Reduce Risks on Large-Dollar Wire Transfer Systems (Docket Number: R-0592)

**LEGAL AUTHORITY:**

12 USC 221 et seq

**CFR CITATION:**

00 CFR None

**ABSTRACT:**

In December 1986, the Board requested comment on several proposals that would refine its policy statement on payment system risk (51 FR 45042, December 16, 1986). The proposals included modifying automated clearing house transactions to reduce risks (R-0591) and various proposals to charge a fee for daylight overdrafts as a way of reducing risks associated with them (R-0592).

It is not expected that these actions will 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.

In December 1987, following review of public comments, the Board approved changes in the automated clearing house mechanism to reduce risk (52 FR 49086, December 29, 1987). Action on pricing of daylight overdrafts (Docket No. R-0592) is expected in the Fall of 1988.

Further, the Board will be conducting a zero-based review of its risk reduction policy during 1988.

**TIMETABLE:**

	ACTION	DATE	FR CITE
	Board requested comment	12/16/86	51 FR 45042
	Board adopted proposal in part	12/29/87	52 FR 49086
	Further Board action by	11/00/88	

**EFFECTS ON SMALL BUSINESS AND OTHER ENTITIES:** No

**AGENCY CONTACT:**

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**RIN:** 7100-AA76

Section 3  
Completed Actions

21.

**TITLE:**

Regulation: C - Home Mortgage Disclosure (Docket Number R-0635)

**LEGAL AUTHORITY:**

12 USC 2804, "Home Mortgage Disclosure Act of 1975"

**CFR CITATION:**

12 CFR 203

**ABSTRACT:**

In May 1988, the Board proposed for public comment amendments to Regulation C to implement Title V, section 565 of the Housing and Community Development Act of 1987 (53 FR 17061, May 13, 1988). Section 565 amends the Home Mortgage Disclosure Act to bring within its coverage mortgage banking subsidiaries of bank holding companies and savings and loan holding companies, as well as savings and loan service corporations. The regulatory amendments implement this expansion in coverage and clarify and simplify the regulation where necessary.

Following review of public comments, the Board, in August, adopted the amendments with minor revisions (53 FR 31683, August 19, 1988). It is not anticipated that the amendments will have a significant economic impact on a substantial number of small institutions.

**TIMETABLE:**

	ACTION	DATE	FR CITE
Board proposed amendments for		05/13/88	53 FR 17061
	public comment		
Board adopted amendments		08/19/88	53 FR 31683

**EFFECTS ON SMALL BUSINESS AND OTHER ENTITIES: No**

**AGENCY CONTACT:**

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22.

**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 last Semi-Annual Agenda included a possible 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. It is not expected that the Board will consider this matter during the next six months.

**TIMETABLE:**

ACTION	DATE	FR CITE
Action on this aspect of Regulation H is not expected during the next six months	08/00/88	

**EFFECTS ON SMALL BUSINESS AND OTHER ENTITIES:** No

**AGENCY CONTACT:**

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23.

**TITLE:**

Regulation: T - Credit by Brokers and Dealers (Docket Number: R-0633)

**LEGAL AUTHORITY:**

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

**CFR CITATION:**

12 CFR 220

**ABSTRACT:**

In April 1988, the Board requested comment on whether it should amend the definition of "OTC margin bond" in Regulation T to permit marginability of foreign sovereign debt securities. Following review of public comments, the Board approved the amendment on August 10, 1988, in substantially the form proposed (53 FR 30830, August 16, 1988). It is not anticipated that this proposal will affect a significant portion of the overall lending activities of a substantial number of small firms.

**TIMETABLE:**

	ACTION	DATE	FR CITE
	Board requested comment	04/20/88	53 FR 14812
	Board adopted amendment	08/10/88	53 FR 30830

**EFFECTS ON SMALL BUSINESS AND OTHER ENTITIES:** No

**AGENCY CONTACT:**

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24.

**TITLE:**

Regulation: Y - Bank Holding Companies and Change in Bank Control (Docket Number: R-0628)

**LEGAL AUTHORITY:**

12 USC 3907

12 USC 3901 "International Lending Supervision Act of 1983"

**CFR CITATION:**

12 CFR 225, Appendix A

**ABSTRACT:**

In January 1986, the Board proposed to amend its Capital Adequacy Guidelines by adding a risk-based capital measure to supplement existing ratios of primary and total capital to total assets. Based in part on comments received in response to that earlier proposal the Board, in conjunction with the other federal bank regulatory agencies and the central bank governors of the Group of Ten countries, published a revised capital proposal in December 1987, which would establish minimum risk-based capital standards applicable to commercial banking organizations in twelve major industrial countries.

In January 1988, the Board requested public comment on this revised proposal and, in particular, on how it should be applied to member banks of the Federal Reserve System and to bank holding companies.

The proposed risk-based capital framework consists of a revised definition of capital, a system for assigning assets and off-balance sheet items to risk categories, and a schedule for establishing minimum risk-based capital ratios (7.25 percent by year-end 1990, and 8.0 percent by year-end 1992). The proposal also provides for transitional arrangements and a phase-in period to facilitate adoption and implementation of the measure.

This proposal has been designed to take account of those practices which have been engaged in primarily by larger banking organizations. Moreover, the major parts of the proposal have been structured to apply generally only to bank holding companies with assets of \$150 million or more. Consequently, the proposal is not likely to have a significant economic impact on smaller banking organizations.

On August 3, 1988, the Board approved in principle revisions to the guidelines, based in part on the comments received on the initial proposal, as well as on additional discussions with the other central bank authorities. In connection with the above determinations, the Board has decided to study further the possible effect of any voting rights offered with a security on the percentage caps assigned to certain classes of securities within the risk-based capital framework.

**TITLE:**

Regulation: Y - Bank Holding Companies and Change in Bank Control (Docket Number: R-0628)

**TIMETABLE:**

	ACTION	DATE	FR CITE
	Board requested comment	01/31/86	51 FR 3976
	Board requested comment on revised proposal	03/15/88	53 FR 8549
	Board approved guidelines in principle	08/03/88	

**EFFECTS ON SMALL BUSINESS AND OTHER ENTITIES:** No

**AGENCY CONTACT:**

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**RIN:** 7100-AA66

25.

**TITLE:**

Regulation: CC - Availability of Funds and Collection of Checks and Regulation J - Collection of Checks and Other Items and Transfers of Funds (Docket Number: R-0620)

**LEGAL AUTHORITY:**

12 USC 4001 et seq

**CFR CITATION:**

12 CFR 229

12 CFR 210

**ABSTRACT:**

In December 1987, the Board proposed for public comment a new rule, Regulation CC, to implement the Expedited Funds Availability Act (52 FR 47112, December 11, 1987). The proposal set out the requirements that banks and other depository institutions make funds deposited into accounts available according to specified time schedules and that institutions disclose their funds availability policies to their customers. The proposed regulation also establishes rules to speed the return of unpaid checks. The Board also proposed to amend its existing Regulation J, which governs the collection of checks by Federal Reserve Banks, to conform to the new regulation. The proposed Regulation CC and the amendments to Regulation J would apply to all depository institutions, regardless of size, except that small institutions that do not hold transaction accounts would be exempt from the availability, disclosure, and payment of interest requirements.

In a related action, (Docket Number R-0621), the Board requested comment on new Federal Reserve Bank services to assist institutions in complying with the new regulations.

In May 1988 the Board adopted the proposed Regulation CC and in June the proposed amendments to Regulation J (53 FR 19372, May 27, 1988, and 53 FR 21983, June 13, 1988) to take effect on September 1, 1988.

In addition, in August 1988, the Board adopted an interim rule in response to a court decision that changed the definition of "paying bank," made conforming amendments to other portions of the regulation, and made changes to the disclosure rules. The Board requested comment on the interim rule (Docket No. R-0643) and expects to adopt a final rule in October 1988.

**TITLE:**

Regulation: CC - Availability of Funds and Collection of Checks  
and Regulation J - Collection of Checks and Other Items and  
Transfers of Funds (Docket Number: R-0620)

**TIMETABLE:**

	ACTION	DATE	FR CITE
	Board proposed new rule	12/11/87	52 FR 47112
	Board adopted new Regulation CC	05/27/88	53 FR 19372
	Board adopted the amendments to Regulation J	06/13/88	53 FR 21983

**EFFECTS ON SMALL BUSINESS AND OTHER ENTITIES:** Yes

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**RIN:** 7100-AA90

26.

**TITLE:**

Rules Regarding Availability of Information (Docket Number:  
R-0601)

**LEGAL AUTHORITY:**

5 USC 552  
12 USC 248(i)  
12 USC 248(e)

**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 publish in the Federal Register its procedures as to how the public may obtain information, make submittals or requests, and obtain decisions; information on how the agency's functions are channeled and determined; and descriptions of forms available and the places where they may be obtained.

The revision, issued for public comment in April 1987 and adopted in June 1988, reorganizes the rules into appropriate subparts, and clarifies the procedures for requesting access to documents and information, the processing and disposition of such requests, and the procedures regarding the discretionary release of confidential information (53 FR 20812, June 1, 1988).

The revision is not expected to 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 requested comment	04/23/87	52 FR 13458
	Board issued final rule	06/01/88	53 FR 20812

**EFFECTS ON SMALL BUSINESS AND OTHER ENTITIES:** No

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