

70-10310-E

NOTICE

BOARD OF GOVERNORS' SEMIANNUAL REGULATORY AGENDA

October 1, 1989 — April 1, 1990

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 was mailed last month to those on our mailing list who 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
October 1989

Federal Reserve System

At-Cir No. 10310-A

Semiannual Regulatory Agenda October 1, 1989 - April 1, 1990

BOARD OF GOVERNORS' SEMIANNUAL REGULATORY AGENDA

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.

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

Circulars Division
FEDERAL RESERVE BANK OF NEW YORK
September 1989

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, 1989 through April 1, 1990. The next Semiannual Agenda will be published in April 1990.

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 1989 Agenda as part of the October 1989 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 C -- Home Mortgage Disclosure

LEGAL AUTHORITY:

12 USC 2803(e)

12 USC 2803(h)

CFR CITATION:

12 CFR 203

ABSTRACT: Before year-end, the Board will propose for public comment and adopt revisions to Regulation C to implement amendments to the Home Mortgage Disclosure Act (HMDA) that were contained in the Financial Institutions Reform, Recovery and Enforcement Act, signed August 9, 1989. Currently, HMDA requires covered institutions to disclose and report information regarding their mortgage lending. Among other things, the statutory amendments extend the coverage of HMDA to include most mortgage lenders. Covered institutions will be required also to maintain and disclose information regarding mortgage loan applications, and information regarding the race, gender and income of applicants and borrowers. Under the amendments, banks and other depository institutions with \$30 million or less in assets will not be required to report data on the race, gender, and income level of applicants and borrowers. Institutions with \$10 million or less in assets remain exempt from all requirements of the Act. Therefore, it is not expected that the proposals will have a significant economic impact on the smallest mortgage lenders; they will have significant economic impact on institutions that have over \$30 million in assets.

TIMETABLE:

ACTION

DATE

FR CITE

Board will consider revisions to

Regulation C by

10/00/89

EFFECTS ON SMALL BUSINESS AND OTHER ENTITIES: Yes

AGENCY CONTACT:

John C. Wood

Senior Attorney

Division of Consumer and Community Affairs

202-452-2412

2.

TITLE:

Regulation: E - Electronic Fund Transfers

LEGAL AUTHORITY:

15 USC 1693 et seq "Electronic Fund Transfer Act"

CFR CITATION:

12 CFR 205

ABSTRACT:

The Board is conducting 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 and other 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 may consider revisions to

Regulation E

11/00/89

EFFECTS ON SMALL BUSINESS AND OTHER ENTITIES: None

AGENCY CONTACT:

Dolores S. Smith

Assistant Director

Division of Consumer and Community Affairs

202 452-2412

RIN: 7100-AA77

3.

TITLE:

Regulation: G - Securities Credit by Persons Other Than Banks, Brokers, or Dealers; and Regulation: U - Credit by Banks for the Purpose of Purchasing or Carrying Margin Stocks

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 221

12 CFR 207

ABSTRACT:

During the next three months the Board may address the ability of lenders subject to Regulations G and U to transfer a credit between these two types of lenders without treating the transaction as creating a new extension of credit. The regulations currently permit a transfer only between lenders subject to the same regulation. Several law firms have expressed an interest in such a deregulatory amendment. 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 transfer
provisions in Regulations G and U 11/00/89

EFFECTS ON SMALL BUSINESS AND OTHER ENTITIES: None

AGENCY CONTACT:

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

RIN: 7100-AA99

4.

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). This proposal may be considered in connection with the broad-based review of Regulation K to be issued by year-end. See RIN: 7100-AA98.

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 12/00/89
Regulation K

EFFECTS ON SMALL BUSINESS AND OTHER ENTITIES: None

AGENCY CONTACT:

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

RIN: 7100-AA92

5.

TITLE:

Regulation: K - International Banking Operations

LEGAL AUTHORITY:

12 USC 221 et seq
12 USC 1841 et seq
12 USC 3101 et seq

CFR CITATION:

12 CFR 211

ABSTRACT:

In 1989, the Board will conduct a broad-based review of Subpart A of Regulation K (International Operations of United States Banking Organizations), as required every five years by the International Banking Act. This review will include consideration of the powers of Edge corporations and additional overseas activities of U.S. banking organizations, including expanded authority to underwrite and deal in equity securities outside the United States. In addition, Subpart B (Foreign Banking Organizations) will be reviewed, particularly with respect to the effect of the revisions of the Standard Industrial Classification (SIC) codes on that Subpart. Subpart C (Export Trading Companies) will be reviewed with a view toward bringing that Subpart into conformity with the Export Trading Company Act Amendments of 1988. Two items that have been listed on the Board's Semiannual Agenda will now be considered in connection with this broad-based review. These items relate to restrictions on transactions with affiliates by Edge corporations (Docket No. R-0550; RIN: 7100-AA58) and a possible amendment to Section 211.3(b)(9) governing establishment of a foreign operating subsidiary by a member bank (RIN: 7100-AA67).

Separate, but related to this review of Regulation K, is the consideration of the liberalization of overseas securities activities (RIN: 7100-AA92).

It is not expected that any revisions would have an adverse impact on a substantial number of small banking organizations.

TIMETABLE:

Board will conduct review by

ACTION

DATE

12/00/89

FR CITE

EFFECTS ON SMALL BUSINESS AND OTHER ENTITIES: None

AGENCY CONTACT:

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

RIN: 7100-AA98

6.

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 two 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		10/00/89	

EFFECTS ON SMALL BUSINESS AND OTHER ENTITIES: None

AGENCY CONTACT:

Thomas A. Durkin
Regulatory Planning and Review Director
Office of the Secretary
202 452-2326

RIN: 7100-AA69

7.

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 two 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 extensive 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

10/00/89

EFFECTS ON SMALL BUSINESS AND OTHER ENTITIES: None

AGENCY CONTACT:

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

RIN: 7100-AA72

8.

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 within the next four months.

TIMETABLE:

	ACTION	DATE	FR CITE
Board requests comment		04/11/88	53 FR 11911
Board extends comment period to December 1, 1988		07/21/88	53 FR 27565
Board will review further		12/00/89	

EFFECTS ON SMALL BUSINESS AND OTHER ENTITIES: Yes

AGENCY CONTACT:

Louise L. Roseman
Assistant Director
Div. of Federal Reserve Bank Operations
202 452-3874

RIN: 7100-AA96

Section 2
Final Rule Stage

9.

TITLE:

Regulation: B - Equal Credit Opportunity (Docket Number: R-0671)

LEGAL AUTHORITY:

15 USC 1691 et seq. "Equal Credit Opportunity Act"

CFR CITATION:

12 CFR 202

ABSTRACT:

In July 1989, the Board published for comment revisions to Regulation B to implement amendments to the Equal Credit Opportunity Act contained in H.R. 5050, enacted in October 1988 (54 FR 29734, July 14, 1989). The Board's proposal would require creditors (1) to give written notice to business applicants (either at the time of application or when credit is denied) of their right to a written statement of the reasons for credit denial or other adverse action, and (2) to maintain records used in evaluating credit applications for 25 months. The proposal closely parallels the rules that govern nonbusiness transactions (with one or two differences that would offer creditors some flexibility). Creditors could follow the present nonbusiness rules and be in full compliance with the amended regulation.

The statutory changes were intended to expand the ECOA rights available to small-business owners. Under the Board's proposal, the new rules would apply to credit applications from businesses with gross revenues of \$500,000 or less; other applications and trade credit transactions would remain subject to modified rules, which also would be revised. The new rules will cover all institutions that extend business loans, and do not distinguish between large and small creditors. Consequently, institutions of all sizes will incur similar types of costs in implementing the rules.

The Board will review the public comments and is expected to adopt final regulations in late October 1989; the new rules would take effect January 1, 1990.

TIMETABLE:

	ACTION	DATE	FR CITE
Board proposed amendments to			
Regulation B		07/14/89	54 FR 29734
Further Board action by		10/00/89	

EFFECTS ON SMALL BUSINESS AND OTHER ENTITIES: Yes

AGENCY CONTACT:

Adrienne D. Hurt
Senior Attorney
Division of Consumer and Community Affairs
202 452-2412

RIN: 7100-AA97

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 in the near future.

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		04/00/90	

EFFECTS ON SMALL BUSINESS AND OTHER ENTITIES: None

AGENCY CONTACT:

John Harry Jorgenson
Senior Attorney
Legal Division
202 452-3778

RIN: 7100-AA62

11.

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 six 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		04/00/90	

EFFECTS ON SMALL BUSINESS AND OTHER ENTITIES: None

AGENCY CONTACT:

Patrick J. McDivitt
Attorney
Legal Division
202 452-3818

RIN: 7100-AA56

12.

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.)

It is not expected that the Board would take action on this proposal until after resolution of pending rulemaking to rescind the Regulation Y provision permitting bank holding companies to acquire, through their subsidiary state banks, shares of companies engaged in activities that the bank is permitted to conduct under state law, so-called operations subsidiaries (R-0652).

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		04/00/90	

EFFECTS ON SMALL BUSINESS AND OTHER ENTITIES: None

AGENCY CONTACT:

Scott G. Alvarez
Assistant General Counsel
Legal Division
202 452-3583

RIN: 7100-AA52

13.

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.

It is not expected that the Board would take action on this proposal until after resolution of pending rulemaking to rescind

TITLE:

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

(ABSTRACT CONT.)

the Regulation Y provision permitting bank holding companies
to acquire, through their subsidiary state banks, shares of
companies engaged in activities that the bank is permitted to
conduct under state law, so-called operations subsidiaries
(R-0652).

TIMETABLE:

	ACTION	DATE	FR CITE
Board requested public comment		11/04/87	52 FR 42301
Further Board action indefinite		04/00/90	

EFFECTS ON SMALL BUSINESS AND OTHER ENTITIES: None

AGENCY CONTACT:

Scott G. Alvarez
Assistant General Counsel
Legal Division
202 452-3583

RIN: 7100-AA88

14.

TITLE:

Regulation: Y - Bank Holding Companies and Change in Bank Control
(Docket Number: R-0652)

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).

In December 1988, the Board requested public comment regarding whether this rule, as it applies to nonbanking companies owned by state banks in a holding company system, continues to be valid and appropriate in light of enactment of the Garn-St Germain Act and certain recent court decisions (53 FR 48915, December 5, 1988). The Board also held an informal public hearing on this matter on April 7, 1989. The Board has not proposed revising its current rule regarding subsidiaries of national banks in a holding company.

A determination to reverse the Board's state bank rule could have an adverse impact on small banks that are subsidiaries of holding companies because they might be required to restructure their nonbanking activities or to take other action.

The Board is expected to take further action within the next six months.

TITLE:

Regulation: Y - Bank Holding Companies and Change in Bank
Control (Docket Number: R-0652)

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 requested comments		12/05/88	53 FR 48915
Further Board action by		04/00/90	

EFFECTS ON SMALL BUSINESS AND OTHER ENTITIES: Yes

AGENCY CONTACT:

Scott G. Alvarez
Assistant General Counsel
Legal Division
202 452-3583

RIN: 7100-AA41

15.

TITLE:

Regulation: Y - Bank Holding Companies and Change in Bank Control
(Docket Number: R-0664)

LEGAL AUTHORITY:

12 USC 1843(c)(8)

CFR CITATION:

12 CFR 225

ABSTRACT:

In December 1988, the Board requested public comment on a proposal by a bank holding company to provide armored car transportation services to non-affiliated customers and on whether the proposed armored car 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 (53 FR 50292, December 14, 1988).

The National Armored Car Association submitted comments in opposition to the application and requested a hearing on whether the proposal would meet Section 4(c)(8) of the Bank Holding Company Act. A formal, public hearing before a hearing officer was held on June 16 and July 11, 1989, at the offices of the Board in Washington, D.C. A recommended decision by the hearing officer is expected to be filed with the Board in September, 1989, after which the Board will consider the application. The proposal, if adopted, would permit a bank holding company to engage in a broader range of armored car services than bank holding companies currently are permitted to conduct under 12 CFR 225. Specifically, the proposal would permit a small bank holding company that currently operates an armored car for internal automatic teller machine servicing to utilize excess capacity in the armored car to serve non-affiliated financial institutions and other customers in the East Moline, Illinois, trading area.

TIMETABLE:

	ACTION	DATE	FR CITE
Board issued proposal for comment		12/14/88	53 FR 50292
Board will review further		12/00/89	

EFFECTS ON SMALL BUSINESS AND OTHER ENTITIES: None

AGENCY CONTACT:

Kay E. Bondehagen
Senior Attorney
Legal Division
202 452-2067

16.

TITLE:

Proposals to modify the Payments System Risk Reduction Program
(Docket Numbers: R-0661, R-0668, R-0669, R-0670)

LEGAL AUTHORITY:

12 USC 221 et seq

CFR CITATION:

00 CFR None

ABSTRACT:

In June 1989, the Board requested comment on several proposals that would modify its payments system risk reduction program (54 FR 26090, June 21, 1989). The proposals concerned pricing of daylight overdrafts (R-0668, previously proposed in Docket R-0592, 51 FR 45042, December 16, 1986), book-entry securities transfers (R-0669), and foreign bank agencies and branches (R-0670). In conjunction with the proposals, the Board issued three policy statements regarding private delivery-against-payment systems, (R-0665) offshore clearing and netting systems (R-0666), and rollovers and continuing contracts (R-0667).

In addition, as another facet of its risk reduction program, in March 1989, the Board requested comment on changes in the way the Federal Reserve Banks treat automated clearing house transactions (Docket R-0661, 54 FR 8822, March 2, 1989).

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.

The Board will review the public comments and is expected to take further action by April 1990.

TIMETABLE:

Board requested comment
Further Board action by

ACTION

DATE

06/21/89
04/00/90

FR CITE

54 FR 26090

EFFECTS ON SMALL BUSINESS AND OTHER ENTITIES: None

AGENCY CONTACT:

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

RIN: 7100-AA76

Section 3
Completed Actions

17.

TITLE:

Regulation: K - International Banking Operations

LEGAL AUTHORITY:

12 USC 601 et seq

CFR CITATION:

12 CFR 211

ABSTRACT:

The last Semiannual Agenda included a possible amendment to the Board's 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. The Board will consider this item in connection with the broad-based review of Regulation K expected by the end of the year. See RIN: 7100-AA98.

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

FR CITE

Amendment to be considered in broad-
based review of Regulation K

12/00/89

EFFECTS ON SMALL BUSINESS AND OTHER ENTITIES: None

AGENCY CONTACT:

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

RIN: 7100-AA67

18.

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 is continuing to evaluate whether this proposal should be adopted and will consider it in the broad-based review of Regulation K expected by the end of the year. See RIN 7100-AA98.

TIMETABLE:

	ACTION	DATE	FR CITE
Board proposed revisions to Regulation K		08/30/85	50 FR 35238
Amendment to be considered in broad-based review of Regulation K		12/00/89	

EFFECTS ON SMALL BUSINESS AND OTHER ENTITIES: None

AGENCY CONTACT:

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

RIN: 7100-AA58

19.

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.

Because of pending litigation, further review of this issue by the Board is indefinite.

TIMETABLE:

Further review is indefinite

ACTION

DATE

09/00/89

FR CITE

EFFECTS ON SMALL BUSINESS AND OTHER ENTITIES: None

AGENCY CONTACT:

Laura Homer

Securities Credit Officer

Div. of Banking Supervision and Regulation

202 452-2781

RIN: 7100-AA93

20.

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. 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 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 provisions of the recently enacted Financial Institutions Reform, Recovery and Enforcement Act of 1989 (Act), which became effective on August 9, 1989, specifically permit the Board to authorize the acquisition of any savings association by any bank holding company. The Board, therefore, on August 24, 1989 adopted its proposal in light of the provisions of the Act (Federal Register cite unavailable).

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

TIMETABLE:

	ACTION	DATE	FR CITE
Board requested public comment		09/25/87	52 FR 36041
Board adopted proposal		08/24/89	

EFFECTS ON SMALL BUSINESS AND OTHER ENTITIES: None

AGENCY CONTACT:

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

RIN: 7100-AA89

21.

TITLE:

Regulation: Z - Truth in Lending (Docket Number R-0655)

LEGAL AUTHORITY:

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

CFR CITATION:

12 CFR 226

ABSTRACT:

In June 1989, following review of public comments received on its January 1989 proposal, the Board published a final rule to amend Regulation Z to implement provisions of the Home Equity Loan Consumer Protection Act of 1988, which requires creditors to provide consumers with more information for open-end credit plans secured by the consumer's dwelling, and imposes substantive limitations on these plans (54 FR 24670, June 9, 1989).

Under the amended regulation, creditors have to provide additional information at the time an application is provided to consumers, including information about the payment terms, fees imposed under the plan, and, for variable-rate plans, information about the index and a fifteen-year history of changes in the index values. Creditors also are required to provide consumers with a brochure prepared by the Board (or with one substantially similar) that describes home equity plans. In addition, new duties are imposed on third parties who provide applications to consumers, and the rules relating to advertisements for home equity plans have been modified.

The final rule also amends Regulation Z to implement new substantive limitations imposed by the law on home equity plans. Small institutions engaged in home equity lending could incur additional expenses, including costs to revise and reprint disclosure forms, to acquire and distribute the home equity brochures, and possibly to modify their contracts. They also will need to review and possibly modify their advertisements for home equity plans. The Board has revised Appendix G of the regulation to provide disclosure samples and model clauses to assist creditors in preparing their disclosures.

TIMETABLE:

	ACTION	DATE	FR CITE
Board proposed amendment		01/23/89	54 FR 3063
Board adopted final rule		06/09/89	54 FR 24670

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

22.

TITLE:

Regulation: Z - Truth in Lending (Docket Number R-0654)

LEGAL AUTHORITY:

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

CFR CITATION:

12 CFR 226

ABSTRACT:

In April 1989, following review of public comments received on its December 1988 proposal, the Board adopted revisions to Regulation Z to implement amendments to the Truth in Lending Act that were part of H.R. 515, the Fair Credit and Charge Card Disclosure Act of 1988, enacted on November 3, 1988 (54 FR 13855, April 6, 1989). The statutory amendments require credit and charge card issuers to provide certain credit disclosures in telephone solicitations and in direct mail and other applications and solicitations to open credit and charge card accounts. Card issuers will also be required to give cardholders written notice regarding the renewal of their credit and charge card accounts before a cardholder has to pay a fee to renew the account. In addition, the law requires credit card issuers to provide cardholders with written notice of a change in the entity providing credit insurance on credit card accounts. The Board also revised Appendix G of Regulation Z to provide model forms and clauses to assist creditors in preparing their disclosures.

Regardless of size, most commercial banks offer credit card plans to consumers. The regulations do not distinguish between large and small creditors. Consequently, creditors of all sizes will incur similar types of costs. However, the magnitude of these expenses will depend upon the level of a particular creditor's credit card plan operation and the type of marketing employed. With respect to bank cards, the majority of credit card accounts are held by a relatively small number of large card issuers. These institutions also probably account for a substantial proportion of the credit card solicitations. Consequently, large card issuers will probably incur a larger aggregate cost, relative to smaller card issuers, to comply with the new rules, although on a cost-per-solicitation or cost-per-account basis these costs will probably be relatively small.

TIMETABLE:

Board proposed amendment to
Regulation Z
Board adopted final rule

ACTION	DATE	FR CITE
	12/23/88	54 FR 51785
	04/06/89	54 FR 13855

EFFECTS ON SMALL BUSINESS AND OTHER ENTITIES: Yes

AGENCY CONTACT:

John C. Wood
Senior Attorney
Division of Consumer and Community Affairs
202 452-2412

RIN: 7100-AB00

23.

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. The purpose of the amendment is to address the problems connected with certain delayed disbursement practices. Following review of public comments, and in lieu of adopting the proposed regulation, the Board issued a policy statement discouraging the delayed disbursement of teller's checks and cashier's checks (54 FR 13839, April 6, 1989). The policy statement applies to all banks regardless of size. It is not expected that the policy will impose significant costs on small banks.

TIMETABLE:

	ACTION	DATE	FR CITE
Board requested comment on a proposed amendment to Regulation CC		06/27/88	53 FR 24093
Adoption of policy statement		04/06/89	54 FR 13839

EFFECTS ON SMALL BUSINESS AND OTHER ENTITIES: None

AGENCY CONTACT:

Louise L. Roseman
Assistant Director
Div. of Federal Reserve Bank Operations
202 452-3874

RIN: 7100-AA95

24.

TITLE:

Regulation: CC - Availability of Funds and Collection of Checks
(Docket Number: R-0648)

LEGAL AUTHORITY:

12 USC 4001 et seq

CFR CITATION:

12 CFR 229

ABSTRACT:

In November 1988, the Board adopted a rule to amend its Regulation CC to treat "bank payable through checks" as local or nonlocal based on the location of the bank on which they are written rather than the location of the bank through which they are payable. In conjunction with the final rule, the Board issued proposed amendments to Regulation CC designed to alleviate the operational difficulties and additional risks resulting from the final rule. Following review of the public comments, the Board, in July 1989, issued a final rule that provides for certain labelling requirements for bank payable through checks and shifts some of the risk of loss due to a late return of a bank payable through check to the bank on which the check is written (54 FR 32035, August 4, 1989).

The proposed rule would affect all institutions that issue payable through checks. A number of these institutions would be small banks, generally credit unions.

TIMETABLE:

	ACTION	DATE	FR CITE
Board issued proposals for comment		11/02/89	53 FR 44335
Final rule adopted		08/04/89	54 FR 32035

EFFECTS ON SMALL BUSINESS AND OTHER ENTITIES: Yes

AGENCY CONTACT:

Louise L. Roseman
Assistant Director
Div. of Federal Reserve Bank Operations
202 452-3874

RIN: 7100-AB01

25.

TITLE:

Regulation: CC - Availability of Funds and Collection of Checks
(Docket Number: R-0649)

LEGAL AUTHORITY:

12 USC 4001 et seq

CFR CITATION:

12 CFR 229

ABSTRACT:

The Board's Regulation CC requires banks to make funds available to their customers within specific times, to disclose their funds availability policies to their customers, and to handle returned checks expeditiously. Since the publication of Regulation CC, the Board has received numerous requests from banks and others for clarification of various provisions of the regulation. In November 1988, the Board issued for comment proposed changes to Regulation CC that respond to many of the questions and provide assistance to banks in understanding and complying with the regulation.

Following review of public comments, the Board adopted final amendments in April 1989 (54 FR 13841, April 6, 1989).

Adoption of the final amendments did not result in any significant economic impact on small entities.

TIMETABLE:

	ACTION	DATE	FR CITE
Board request comment on proposed changes		11/02/88	53 FR 44343
Board adopted proposed amendments		04/06/89	54 FR 13841

EFFECTS ON SMALL BUSINESS AND OTHER ENTITIES: None

AGENCY CONTACT:

Stephanie Martin
Attorney
Legal Division
202 452-3198

RIN: 7100-AB02

26.

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.

Because these are long-term proposals requiring extensive review, the Board does not expect action in the near future.

TIMETABLE:

	ACTION	DATE	FR CITE
Board issued proposals for comment		12/11/87	52 FR 47112
Action not expected in near future		08/00/89	

EFFECTS ON SMALL BUSINESS AND OTHER ENTITIES: Yes

AGENCY CONTACT:

Gayle Thompson
Program Leader
Div. of Federal Reserve Bank Operations
202 452-2934

RIN: 7100-AA94