

*At-Cir. No. 10341*

March 28, 1990

To the Addressee:

Enclosed for those who maintain sets of the Board of Governors' regulations are the following documents:

1. Amendments to Regulation D, "Reserve Requirements of Depository Institutions," dated January 1990. (This slip sheet includes changes to Section 19(b) of the Federal Reserve Act as amended by the Financial Institutions Reform, Recovery, and Enforcement Act of 1989.)

2. Amendments to Regulation E, "Electronic Fund Transfers," Regulation M, "Consumer Leasing," and Regulation Z, "Truth in Lending," dated January 1990. (These slip sheets include certain changed references in the regulations with respect to the responsibilities of the Office of Thrift Supervision.)

Questions regarding Regulation E, M, or Z may be directed to our Compliance Examinations Department (Tel. No. 212-720-5914).

Circulars Division  
FEDERAL RESERVE BANK OF NEW YORK

## Amendments to Regulation D Reserve Requirements January 1990\*

1. *Effective December 19, 1989, section 204.9(a)(1) is amended to read as follows:*

(a)(1) *Reserve percentages.* The following reserve ratios are prescribed for all depository institutions, Edge and agreement corporations, and United States branches and agencies of foreign banks:

<i>Category</i>	<i>Reserve requirement</i>
<b>NET TRANSACTION ACCOUNTS*</b>	
\$0 to \$40.4 million	3% of amount
Over \$40.4 million	\$1,212,000 plus 12% of amount over \$40.4 million
<b>NONPERSONAL TIME DEPOSITS</b>	
By original maturity (or notice period):	
less than 1½ years	3%
1½ years or more	0%
<b>EUROCURRENCY LIABILITIES</b>	
	3%

\* Dollar amounts do not reflect the adjustment to be made by the next paragraph.

2. *Section 19(b) of the Federal Reserve Act was amended by the Financial Institutions Reform, Recovery, and Enforcement Act of 1989 to read as follows:*

(b)(1) \* \* \*  
(A) The term "depository institution" means—

\* \* \* \* \*  
(vi) any savings association (as defined in section 3 of the Federal Depo-

sit Insurance Act) which is an insured depository institution (as defined in such Act) or is eligible to apply to become an insured depository institution under the Federal Deposit Insurance Act; and

\* \* \* \* \*

(F) In order to prevent evasions of the reserve requirements imposed by this subsection, after consultation with the Board of Directors of the Federal Deposit Insurance Corporation, the Director of the Office of Thrift Supervision, and the National Credit Union Administration Board, the Board of Governors of the Federal Reserve System is authorized to determine, by regulation or order, that an account or deposit is a transaction account if such account or deposit may be used to provide funds directly or indirectly for the purpose of making payments or transfers to third persons or others.

\* \* \* \* \*

(4) \* \* \*  
(B) The Board may require the supplemental reserve authorized under subparagraph (A) only after consultation with the Board of Directors of the Federal Deposit Insurance Corporation, the Director of the Office of Thrift Supervision, and the National Credit Union Administration Board. The Board shall promptly transmit to the Congress a report with respect to any exercise of its authority to require supplemental reserves under subparagraph (A) and such report shall state the basis for the determination to exercise such authority.

\* \* \* \* \*

\* A complete Regulation D, as amended effective December 19, 1989, consists of —  
• the pamphlet dated September 1988 (see inside cover) and  
• this slip sheet.

NOTE: Supplement to this regulation, dated December 19, 1989, may be retained.

## Amendments to Regulation E Electronic Fund Transfers January 1990\*

1. *Effective March 4, 1985, section 205.13(a)(1) is amended by changing "Civil Aeronautics Board" to "secretary of transportation".*
2. *Effective December 26, 1989, section 205.13(a)(1) is amended by changing "Federal Home Loan Bank Board (acting directly or through the Federal Savings and Loan Insurance Corporation)" to "Office of Thrift Supervision".*
3. *Effective November 15, 1987, section 205.14 is amended by revising paragraphs (a)(2) and (b) to read as follows:*

(2) Sections 205.7, 205.8, and 205.9 shall require the service-providing institution to provide those disclosures and documentation that are within its knowledge and the purview of its relationship with the consumer. The service-providing institution need not furnish a periodic statement to the consumer under section 205.9(b) if the service-providing institution—

- (i) Issues a debit card, to be used by the consumer to initiate electronic fund transfers, that bears the name of the service-providing institution and an address or telephone number that can be used to contact the service-providing institution;
- (ii) Transmits the applicable transaction-identification information specified by section 205.9(b)(1) to the consumer's account-holding institution, in the format prescribed by the automated clearing house system used to clear the fund transfers;

\* A complete Regulation E, as amended effective December 26, 1989 consists of—

- the regulation pamphlet dated December 1984 (see inside cover) and
- this slip sheet.

Items 2 and 6 are new. Items 1, 3, 4, and 5 were included in the September 1987 slip sheet.

(iii) Discloses to the consumer, in addition to the information required by section 205.7, that the service-providing institution (not the account-holding institution) is responsible for all electronic fund transfers made with the debit card, and that all inquiries and error notices related to such transfers should be directed to the service-providing institution; that the service-providing institution will not issue a periodic statement, and that the consumer should retain all terminal receipts to verify transactions; and that the consumer must notify the service-providing institution concerning loss or theft of the debit card;

(iv) Provides on or with the receipts required by section 205.9(a) the address and telephone number to be used for inquiries and error notices and for reporting the loss or theft of the debit card; and

(v) Extends the time period set forth in section 205.6(b)(1) for notice of loss or theft of a debit card, from two business days to four business days after the consumer learns of the loss or theft; and extends the time periods set forth in sections 205.6(b)(2) and 205.11(b)(1) for reporting unauthorized transfers or alleged errors, from 60 days to 90 days following the transmittal of a periodic statement.

\* \* \* \* \*

(b) *Compliance by account-holding institution.* An account-holding institution described in paragraph (a) of this section need not comply with the requirements of the act and this regulation with respect to electronic fund transfers to or from the consumer's account made by the service-providing institution, except that the account-holding institution shall:

- (1) Comply with section 205.9 by providing a periodic statement and describing each transaction from the service-

providing institution that is debited or credited to the consumer's account in accordance with section 205.9(b);<sup>13</sup> but the account-holding institution has no liability for failure to provide this information if the failure is due to its not having received the necessary information from the service-providing institution in the prescribed format; and

(2) Comply with section 205.11 by promptly providing to the service-providing institution, upon its request, information or copies of documents required for the purpose of investigating alleged errors or for furnishing copies of documents to the consumer; and by honoring debits to the account in accordance with section 205.11(f)(2).

<sup>13</sup> Account-holding institutions shall not be required to furnish the terminal location as part of the transaction description until July 1, 1990. In addition, account-holding institutions with assets of \$25 million or less shall not be required to comply with section 205.9(b) until July 1, 1990.

4. *Effective November 15, 1987, appendix A is amended by revising the introductory language and by adding section A(11) as follows:*

This appendix contains model disclosure clauses for optional use by financial institutions to facilitate compliance with the disclosure requirements of sections 205.5(a)(3), (b)(2), and (b)(3); 205.6(a)(3); 205.7; and 205.14(a)(2) \* \* \*

\* \* \* \* \*

SECTION A(11)—Disclosure from Service-Providing Institution That Does Not Send Periodic Statements (§ 205.14(a)(2))

ALL QUESTIONS ABOUT TRANSACTIONS MADE WITH YOUR (NAME OF CARD) CARD MUST BE DIRECTED TO US, (NAME OF SERVICE PROVIDER), AND NOT TO THE BANK OR OTHER FINANCIAL INSTITUTION WHERE YOU HAVE YOUR AC-

COUNT. We are responsible for the (name of service) service and for resolving any errors in transactions made with your (name of card) card.

We will not send you a periodic statement listing transactions that you make using your (name of card) card. The transactions will appear only on the statement issued by your bank or other financial institution. **SAVE THE RECEIPTS YOU ARE GIVEN WHEN YOU USE YOUR (NAME OF CARD) CARD, AND CHECK THEM AGAINST THE ACCOUNT STATEMENT YOU RECEIVE FROM YOUR BANK OR OTHER FINANCIAL INSTITUTION.** If you have any questions about one of these transactions, call or write us at (telephone number and address) (the telephone number and address indicated below)

**IF YOUR (NAME OF CARD) CARD IS LOST OR STOLEN, NOTIFY US AT ONCE** by calling or writing to us at (telephone number and address).

5. *Effective March 4, 1985, appendix B is amended by deleting the entry entitled Creditors Subject to Civil Aeronautics Board and adding in its place the following:*

*Air Carriers*

Assistant General Counsel for  
Aviation Enforcement and Proceedings  
Department of Transportation  
400 Seventh Street, S.W.  
Washington, D.C. 20590

ELECTRONIC FUND TRANSFER ACT

6. *Effective August 9, 1989, section 917(a)(2) of the Electronic Fund Transfer Act is amended to read as follows:*

(2) section 8 of the Federal Deposit Insurance Act, by the Director of the Office of Thrift Supervision, in the case of a savings association the deposits of which are insured by the Federal Deposit Insurance Corporation;

## Amendments to Regulation M Consumer Leasing January 1990\*

1. *Effective December 26, 1989, appendix D is amended by deleting the heading "Savings Institutions Insured by the FSLIC and Members of the FHLB System" and the text under that heading, and adding the following words in their place:*

*Savings institutions insured under the Savings Association Insurance Fund of the FDIC and federally chartered savings banks insured under the Bank Insurance Fund of the FDIC (but not including state-chartered savings banks insured under the Bank Insurance Fund).*

The district director of the Office of Thrift Supervision in the district in which the institution is located.

2. *Effective March 4, 1985, appendix D is amended by deleting the entry entitled Creditors Subject to Civil Aeronautics Board and adding in its place the following:*

- A complete Regulation M, as amended effective December 26, 1989, consists of—
- the regulation pamphlet dated August 1982 (see inside cover) and
- this slip sheet.

### *Air Carriers*

Assistant General Counsel for  
Aviation Enforcement and Proceedings  
Department of Transportation  
400 Seventh Street, S.W.  
Washington, D.C. 20590

### TRUTH IN LENDING ACT

3. *Section 108(a)(2) and (4) of the Truth in Lending Act is amended to read as follows:*

(2) section 8 of the Federal Deposit Insurance Act, by the Director of the Office of Thrift Supervision, in the case of a savings association the deposits of which are insured by the Federal Deposit Insurance Corporation.

\* \* \* \* \*

(4) the Federal Aviation Act of 1958, by the Civil Aeronautics Board with respect to any air carrier or foreign air carrier subject to that Act.

## Amendments and Corrections to Regulation Z Truth in Lending January 1990\*

1. Section 226.5a(a)(3) is corrected by adding the words "of the type" before the words "subject to the requirements of section 226.5b".
2. Section 226.5a(g)(2) is corrected by deleting "and is figured in the same way as the first balance" from the last sentences of subparagraphs (i) and (ii).
3. Section 226.9(e)(1) and (f)(1) are corrected by adding the words "of the type" before the words "subject to section 226.5a".
4. Effective December 26, 1989, appendix I is amended by removing the reference to "Savings Institutions Insured by the FSLIC and Members of the FHLB System" and the text

\* A complete Regulation Z, as amended and corrected effective December 26, 1989, consists of—

- the pamphlet dated July 1989 (see inside cover) and
- this slip sheet.

Item 4 is new. Items 1 through 3 were included in the previous slip sheet.

under that head, and adding the following words in place thereof:

*Savings institutions insured under the Savings Association Insurance Fund of the FDIC and federally chartered savings banks insured under the Bank Insurance Fund of the FDIC (but not including state-chartered savings banks insured under the Bank Insurance Fund).*

The district director of the Office of Thrift Supervision in the district in which the institution is located.

### TRUTH IN LENDING ACT

5. Effective August 9, 1989, section 108(a)(2) of the Truth in Lending Act is amended to read as follows:

(2) section 8 of the Federal Deposit Insurance Act, by the Director of the Office of Thrift Supervision, in the case of a savings association the deposits of which are insured by the Federal Deposit Insurance Corporation.

NOTE: Technical corrections, dated June 7, 1989, may be retained.