

At-Cir. No. 10352

July 10, 1990

To the Addressee:

On June 13, 1990, Circular No. 10352 was issued announcing a proposed amendment by the Board of Governors of the Federal Reserve System to its Regulation Y (Bank Holding Companies and Change in Bank Control) regarding the leasing of personal property by bank holding companies. Comment on the Board's proposal was invited by July 16.

Subsequently, the Board of Governors published in the Federal Register a correction to that proposal, the text of which has been reprinted on the reverse side of this notice.

Comments on the proposal should still be submitted by July 16, and may be sent to the Board of Governors, as set forth in the notice, or to our Domestic Banking Applications Division.

Circulars Divison
FEDERAL RESERVE BANK OF NEW YORK

(OVER)

FEDERAL RESERVE SYSTEM

12 CFR Part 225

[Regulation Y; Docket No. R-0694]

Leasing Personal Property; Correction

AGENCY: Board of Governors of the Federal Reserve System.

ACTION: Notice of proposed rulemaking; correction.

SUMMARY: The document corrects a notice of proposed rulemaking which appeared in the Federal Register on June 1, 1990 (55 FR 22348).

FOR FURTHER INFORMATION CONTACT: Scott G. Alvarez, Assistant General Counsel (202/452-3583), Thomas M. Corsi, Attorney (202/452-3275), or Donna R. Nordenberg, Attorney (202/452-3281), Legal Division; or Sidney M. Sussan, Assistant Director (202/452-2638), Division of Banking Supervision and Regulation, Board of Governors. For the hearing impaired *only*, Telecommunication Device for the Deaf (TDD), Earnestine Hill or Dorothea Thompson (202/452-3544).

The following correction is made to FR Doc. 90-12658 published in the Federal Register on June 1, 1990 (55 FR 22348).

§ 225.25 [Corrected]

On page 22351, in the first column, under § 225.25, in the 13th line of paragraph (b)(5)(ii) introductory text, "exceeds 1 percent" should read "exceeds 100 percent."

As a convenience to the reader, new paragraph (b)(5)(ii) of § 225.25 is republished to read as follows:

§ 225.25 List of permissible nonbanking activities.

- * * * * *
- (b) * * *
- (5) * * *

(ii) *Leasing tangible personal property.* Leasing tangible personal property or acting as agent, broker, or adviser in leasing such property where, in calculating the return described in paragraph (b)(5)(i)(D), the lessor relies on rental payments, estimated tax benefits (as described in paragraph (b)(5)(i)(D)(2)), and an estimated residual value of the property at the expiration of the initial term of the lease that exceeds 20 percent, but in no event exceeds 100 percent, of the acquisition cost of the property to the lessor, if—

(A) The activity otherwise meets the requirements of paragraph (b)(5)(i);

(B) The aggregate amount of leases in which the bank holding company, or any of its bank or nonbank subsidiaries, relies on an estimated residual value in excess of 20 percent of the acquisition cost of the property is limited to no more than 10 percent of the bank holding company's total consolidated assets;

(C) The minimum initial lease term is 90 days;

(D) The bank holding company's leasing affiliate maintains capitalization fully adequate to meet its obligations and support its activities, and commensurate with industry standards for comparable leasing activities; and

(E) The bank holding company maintains separately identifiable records of the leasing activities conducted under paragraphs (b)(5)(i) and (b)(5)(ii) where it conducts leasing activities under the authority of both paragraphs.

By order of the Board of Governors of the Federal Reserve System, June 6, 1990.

William W. Wiles,
Secretary of the Board.

[FR Doc. 90-13437 Filed 6-7-90; 8:45 am]

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