

NOTICE

At. Cir. No. 10485 (A)

BOARD OF GOVERNORS' SEMIANNUAL REGULATORY FLEXIBILITY AGENDA

October 1, 1991 — April 1, 1992

The Semiannual Regulatory Flexibility 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 to those on our mailing list who have previously requested it. Copies will be mailed to others upon request (Tel. No. 212-720-5215 or 5216); single copies of the Agenda or any regulation or regulatory amendment can be obtained at this Bank (33 Liberty Street), in the Issues Division area on the first floor.

Circulars Division
FEDERAL RESERVE BANK OF NEW YORK
October 1991

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H-Cir. No. 10485(A)

Federal Reserve System

Semiannual Regulatory Flexibility Agenda October 1, 1991 - April 1, 1992

BOARD OF GOVERNORS' SEMIANNUAL REGULATORY FLEXIBILITY AGENDA

The Semiannual Regulatory Flexibility 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
October 1991

FEDERAL RESERVE SYSTEM

12 CFR Chap. 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, 1991, through April 1, 1992. The next Semiannual Agenda will be published in April 1992.

DATES: Comments about the form or content of the Agenda may be submitted any time during the next six months.

ADDRESSES: Comments should be addressed to William W. Wiles, Secretary of the Board, Board of Governors of the Federal Reserve System, Washington, DC 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 1991 Agenda as part of the October 1991 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: 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, whether any substantive changes are necessary because of technological and other developments, and whether special rules to govern the electronic delivery of government benefits to recipients should be proposed. 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	11/00/91	

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

2.

TITLE:

Regulation: Z - Truth in Lending

LEGAL AUTHORITY:

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

CFR CITATION:

12 CFR 226

ABSTRACT:

During the next three months the Board will consider issuing for public comment revisions to Regulation Z relating to home equity lines of credit. In July 1991, the U.S. Court of Appeals for the District of Columbia issued a decision in Consumers Union v. Federal Reserve Board. The Court remanded to the Board for further consideration two issues dealing with disclosure of the discounted rate and payment examples for a creditor's home equity line of credit.

It is not anticipated that any revisions will have a significant impact on a substantial number of small institutions.

TIMETABLE:	ACTION	DATE	FR CITE
	Board is expected to consider requesting comment by	11/00/91	

EFFECTS ON SMALL BUSINESS AND OTHER ENTITIES: None

AGENCY CONTACT:

Leonard Chanin
Senior Attorney
Division of Consumer and Community Affairs
202 452-3667

Section 2
Final Rule Stage

3.

TITLE:

Regulation: D - Reserve Requirements of Depository Institutions
(Docket Number: R-0729)

LEGAL AUTHORITY:

12 USC 465

CFR CITATION:

12 CFR 204

ABSTRACT:

In April 1991, the Board published for comment several proposed amendments to Regulation D, as well as a number of proposed interpretations concerning reserve requirements (56 FR 15522, April 17, 1991). The proposed amendments and interpretations are intended primarily to close loopholes in reserve requirements on transaction accounts, and concern the following types of transactions or accounts: (1) teller's checks; (2) time deposit open accounts; (3) certain sweep arrangements involving transaction accounts and commingled time deposits; (4) multiple or linked money market deposit accounts ("MMDAs"); (5) netting of trust balances in commingled transaction accounts; and (6) certain uses of "due from" or "cash items in the process of collection" deductions.

It is not expected that the proposals will have a significant economic impact on a substantial number of small institutions. Following review of the public comments, the Board is expected to take further action within the next two months.

TIMETABLE:	ACTION	DATE	FR CITE
	Board requested public comment	04/17/91	56 FR 15522
	Further Board action by	10/00/91	

EFFECTS ON SMALL BUSINESS AND OTHER ENTITIES: None

AGENCY CONTACT:

Oliver Ireland
Associate General Counsel
Legal Division
202 452-3625

4.

TITLE:

Regulation: G - Securities Credit by Persons Other than Banks, Brokers, or Dealers; and Regulation: T - Credit by Brokers and Dealers (Docket Number: R-0732)

LEGAL AUTHORITY:

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

CFR CITATION:

12 CFR 207
12 CFR 220

ABSTRACT:

In May 1991, the Board issued for public comment amendments to Regulations G and T to accommodate deposits of margin stock at clearing agencies for futures markets regulated by the Commodity Futures Trading Commission or the Securities and Exchange Commission (56 FR 25641, June 5, 1991). The amendments will allow a clearing agency to accept margin stock from its clearing members to meet margin obligations in connection with financial and nonfinancial futures and options positions without requiring the clearing agency to register with the Board under Regulation G. Such treatment has already been permitted in the securities area for The Options Clearing Corporation. Following review of the public comments, the Board is expected to take further action within the next two months. 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 public comment	06/05/91	56 FR 25641
	Further Board action by	10/00/91	

EFFECTS ON SMALL BUSINESS AND OTHER ENTITIES: None

AGENCY CONTACT:

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

5.

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 (Docket Number: R-0730)

LEGAL AUTHORITY:

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

CFR CITATION:

12 CFR 207
12 CFR 221

ABSTRACT:

In May 1991, the Board issued for public comment amendments to Regulations G and U to permit lenders subject to these regulations to transfer a margin loan between them without treating the transaction as creating a new extension of credit (56 FR 23252, May 21, 1991). The regulations currently permit a transfer only between lenders subject to the same regulation. Following review of the public comments, the Board is expected to take further action within the next two months. 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	05/21/91	56 FR 23252
	Further Board action by	10/00/91	

EFFECTS ON SMALL BUSINESS AND OTHER ENTITIES: None

AGENCY CONTACT:

Scott Holz
Attorney
Division of Banking Supervision and Regulation
202 452-2781

RIN: 7100-AA99

6.

TITLE:

Regulation: H - Membership of State Banking Institutions in the Federal Reserve System; and Regulation: Y - Bank Holding Companies and Change in Bank Control (Docket Number: R-0711)

LEGAL AUTHORITY:

12 USC 3331 et seq

CFR CITATION:

12 CFR 225, Subpart G

ABSTRACT:

In November 1990, the Board issued for public comment a proposed amendment to its real estate appraisal rule that would lower the dollar amount of transactions below which a certified or licensed appraiser would not be required (55 FR 49057, November 26, 1990). Currently, this amount is \$100,000; the Board sought comment on a proposal to lower it to \$50,000. This proposal would conform the Board's real estate appraisal rule to those of the other federal financial institutions regulatory agencies.

This change is expected to increase the costs of federally related transactions having a transaction value between \$50,000 and \$100,000. These costs will either have to be absorbed by the regulated institutions or be passed on to their customers. Following review of the public comments, the Board is expected to take further action on this proposal within the next six months.

TIMETABLE:	ACTION	DATE	FR CITE
	Board requested comment	11/26/90	55 FR 49057
	Further Board action expected by	02/00/92	

EFFECTS ON SMALL BUSINESS AND OTHER ENTITIES: Yes

AGENCY CONTACT:

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

RIN: 7100-AB20

7.

TITLE:

Regulation: H - Membership of State Banking Institutions in the Federal Reserve System; and Regulation: Y - Bank Holding Companies and Change in Bank Control (Docket Number: R-0720)

LEGAL AUTHORITY:

12 USC 3331 et seq

CFR CITATION:

12 CFR 225, Subpart G

ABSTRACT:

In December 1990, the Board, along with the other federal financial institutions regulatory agencies, issued an interim common rule and request for public comment regarding those applicable provisions of the Uniform Standards of Professional Appraisal Practice ("USPAP") that are required to be incorporated into each agency's real estate appraisal rules (55 FR 53609, December 31, 1990). The provisions were published as an interim rule because the agencies' existing appraisal regulations already require compliance with the USPAP, as mandated by Title XI of the Financial Institutions Reform, Recovery, and Enforcement Act of 1989.

The USPAP was undergoing revision when the agencies initially promulgated their appraisal regulations. This proposal will permit the agencies to consider and receive comment on the revisions to USPAP. It is not expected that the proposal will have a significant economic impact on a substantial number of small entities. Following review of the public comments, the Board is expected to take further action on this proposal within the next six months.

TIMETABLE:	ACTION	DATE	FR CITE
	Board requested public comment	12/31/90	55 FR 53609
	Further Board action expected by	02/00/92	

EFFECTS ON SMALL BUSINESS AND OTHER ENTITIES: None

AGENCY CONTACT:

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

8.

TITLE:

Regulation: J - Collection of Checks and Other Items and Wire Transfers of Funds by Federal Reserve Banks (Docket Number: R-0722)

LEGAL AUTHORITY:

12 USC 248(i)
12 USC 248(j)
12 USC 248(o)
12 USC 342
12 USC 360
12 USC 464
12 USC 4008

CFR CITATION:

12 CFR 210

ABSTRACT:

In January 1991, the Board requested comment on a proposed amendment to Regulation J to require paying banks that receive presentment of checks from a Federal Reserve Bank to make the proceeds of settlement for those checks available to the Reserve Bank by as early as one hour after receipt of the checks (56 FR 3047, January 28, 1991). This amendment would be necessary to implement the proposed daylight overdraft measurement procedure under the Board's payments system risk reduction program. (See Docket Number: R-0721.)

It is not expected that this proposal would have a significant economic impact on a substantial number of small entities because small entities do not usually incur large daylight overdrafts, and many small entities are exempt from filing for an overdraft cap and would be exempt from pricing under the Board's proposed pricing program.

Following review of the public comments, the Board is expected to take further action by year-end.

TIMETABLE:	ACTION	DATE	FR CITE
	Board requested comment	01/28/91	56 FR 3047
	Further Board action by	12/00/91	

EFFECTS ON SMALL BUSINESS AND OTHER ENTITIES: None

AGENCY CONTACT:

Stephanie Martin
Attorney
Legal Division
202 452-3198

RIN: 7100-AB21

9.

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 issue of the validity of the Board's state bank rule was recently raised in litigation involving the permissibility of insurance activities of a nonbank subsidiary of Citicorp's Delaware bank. In that case, the U.S. Court of Appeals for the Second Circuit found that the Bank Holding Company Act does not apply to nonbank companies owned by holding company banks. That decision is currently the subject of an appeal to the U.S. Supreme Court.

The Board has not determined what further action is appropriate.

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 to be determined	04/00/92	

EFFECTS ON SMALL BUSINESS AND OTHER ENTITIES: Yes

AGENCY CONTACT:

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

RIN: 7100-AA41

10.

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 an application 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. On January 23, 1990, the hearing officer recommended that the application be denied, based on his determination that the proposed armored car services were not closely related to banking under section 4(c)(8). On June 18, 1990, the Board reversed this finding and remanded the case to the hearing officer for a recommended decision on whether the proposed services were a "proper incident" to banking and whether they constitute illegal branch banking.

The hearing officer held two additional days of hearings on December 5 and 6, 1990, and is expected to make his recommendations to the Board in the next several months. Once the recommended decision is submitted, the matter will again be presented to the Board for a final determination.

The application, if approved, 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, an activity not currently permitted under 12 CFR 225.

TIMETABLE:	ACTION	DATE	FR CITE
	Board issued proposal for comment	12/14/88	53 FR 50292
	Board will review further	11/00/91	

EFFECTS ON SMALL BUSINESS AND OTHER ENTITIES: None

AGENCY CONTACT:

Katherine H. Wheatley
Senior Attorney
Legal Division
202 452-3779

RIN: 7100-AB03

11.

TITLE:

Regulation: Y - Bank Holding Companies and Change in Bank Control
(Docket Number: R-0686)

LEGAL AUTHORITY:

PL 101-73, 103 Stat 183

CFR CITATION:

12 CFR Part 225, Subpart H

ABSTRACT:

In February 1990, the Board approved issuing for public comment a proposed regulation, which implements section 914 of the Financial Institutions Reform, Recovery, and Enforcement Act of 1989, requiring banks and bank holding companies to provide notice to the Federal Reserve System 30 days before adding any individual to the institution's board of directors or employing any individual as a senior executive officer under certain circumstances (55 FR 6787, February 27, 1990). Notice would be required if the institution is failing to meet minimum capital standards or is otherwise in a troubled condition, has undergone a change in control within the past two years, or has received a bank charter within the past two years. The regulation defines "senior executive officer," "troubled condition," and "change in control."

The proposal is not expected to have a significant economic impact on a substantial number of small business entities. State member banks and bank holding companies will be affected if they meet one of the criteria that triggers the notice requirements. Following review of public comments, the Board is expected to take further action within the next three months.

TIMETABLE:	ACTION	DATE	FR CITE
	Board approved proposal for comment	02/27/90	55 FR 6787
	Further Board action by	11/00/91	

EFFECTS ON SMALL BUSINESS AND OTHER ENTITIES: None

AGENCY CONTACT:

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

RIN: 7100-AB07

12.

TITLE:

Regulation: Y - Bank Holding Companies and Change in Bank Control
(Docket Number: R-0706)

LEGAL AUTHORITY:

12 USC 1843
12 USC 1844(b)

CFR CITATION:

12 CFR 225

ABSTRACT:

In September 1990, the Board issued for public comment a proposal to add full service brokerage and financial advisory activities to the laundry list in Regulation Y (55 FR 36282, September 5, 1990). The Board has previously determined by order that bank holding companies may provide these activities. Adoption of the proposal would not result in any significant economic impact on bank holding companies. Following review of public comments, the Board is expected to adopt the revisions within the next three months.

TIMETABLE:	ACTION	DATE	FR CITE
	Board issued proposal for comment	09/05/90	55 FR 36282
	Final Board action by	11/00/91	

EFFECTS ON SMALL BUSINESS AND OTHER ENTITIES: None

AGENCY CONTACT:

Scott Alvarez
Associate General Counsel
Legal Division
202-452-3583

RIN: 7100-AB09

13.

TITLE:

Regulation: Y - Bank Holding Companies and Change in Bank Control
(Docket Number: R-0694)

LEGAL AUTHORITY:

12 USC 1843(c)(8)

CFR CITATION:

12 CFR 225, Subpart C

ABSTRACT:

In May 1990, the Board approved issuing for comment a proposal to amend the provision in Regulation Y governing leasing transactions by bank holding companies to relax the limitation on reliance on the residual value of leasing property (55 FR 22348, June 1, 1990). The Board is proposing to raise the maximum estimated residual value of leased personal property on which bank holding companies may rely for their compensation in recovering the full cost of leasing transactions from 20 percent to up to 100 percent of the acquisition cost of the leased property. Section 108 of the Competitive Equality Banking Act of 1987 granted similar authority to national banks subject to a volume limitation. These higher residual value leasing transactions by bank holding companies would also be subject to certain volume limitations, and would remain subject to the prudential limitations currently set forth in Regulation Y. The proposal is not expected to have a significant economic impact on a substantial number of small business entities. Following review of public comments, the Board is expected to take further action by year-end 1991.

TIMETABLE:	ACTION	DATE	FR CITE
	Board requested comment	06/01/90	55 FR 22348
	Further Board action by	12/00/91	

EFFECTS ON SMALL BUSINESS AND OTHER ENTITIES: None

AGENCY CONTACT:

Thomas M. Corsi
Attorney
Legal Division
202 452-3275

RIN: 7100-AB12

14.

TITLE:

Regulation: Y - Bank Holding Companies and Change in Bank Control
(Docket Number: R-0698)

LEGAL AUTHORITY:

12 USC 1841 et seq

CFR CITATION:

12 CFR 225.125

ABSTRACT:

In June 1990, the Board approved issuing for comment a proposed revision to a Board interpretation of the Glass-Steagall Act and the Bank Holding Company Act that would permit bank holding companies to broker and recommend shares of investment companies that are advised by a bank holding company or its subsidiaries (55 FR 25849, June 25, 1990). The revision would permit bank holding companies the authority to perform greater services for investment companies and brokerage customers. The proposal would enable bank holding companies to enhance competition in the brokerage industry by clarifying permissible activities for bank holding companies.

The proposal is not expected to have a significant economic impact on a substantial number of small business entities. Following review of the public comments, the Board is expected to take further action within the next three months.

TIMETABLE:	ACTION	DATE	FR CITE
	Board approved proposal for comment	06/25/90	55 FR 25849
	Further Board action by	11/00/91	

EFFECTS ON SMALL BUSINESS AND OTHER ENTITIES: None

AGENCY CONTACT:

Thomas M. Corsi
Attorney
Legal Division
202 452-3275

RIN: 7100-AB13

15.

TITLE:

Regulation: CC - Availability of Funds and Collection of Checks
(Docket Number: R-0723)

LEGAL AUTHORITY:

12 USC 4008

CFR CITATION:

12 CFR 229

ABSTRACT:

In February 1991, the Board published for comment a proposed amendment to Regulation CC to require paying banks to provide same-day settlement for checks presented by 8:00 a.m. local time at specified locations (56 FR 4743, February 6, 1991). The proposal would eliminate presentment fees for these checks and thereby facilitate their collection, consistent with the provisions of the Expedited Funds Availability Act.

As a secondary effect of the proposal, small banks may experience increased check collection fees, over the long run, as volume shifts from the Federal Reserve to the private sector. However, because the primary purpose of the proposal is to increase the efficiency of the check collection process, to exclude small banks from the requirement of making same-day settlement would be counter to the chief objective of the proposal.

Following review of the public comments, the Board is expected to take further action by year-end.

TIMETABLE:	ACTION	DATE	FR CITE
	Board requested comment	02/06/91	56 FR 4743
	Further Board action by	12/00/91	

EFFECTS ON SMALL BUSINESS AND OTHER ENTITIES: Yes

AGENCY CONTACT:

Louise Roseman
Assistant Director
Division of Reserve Bank Operations and Payment Systems
202 452-3874

RIN: 7100-AB22

16.

TITLE:

Proposals to Modify the Payments System Risk Reduction Program
(Docket Numbers: R-0661 and R-0668)

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 and measurement of daylight overdrafts, net debit caps, measures of capital (R-0668), book-entry securities transactions (R-0669), and foreign bank agencies and branches (R-0670).

In May 1990, the Board adopted in final form those elements of its risk reduction policy concerning net debit caps, measures of capital, book-entry securities transactions, and foreign bank agencies and branches (55 FR 22087, May 31, 1990).

In January 1991, the Board issued a revised proposal on measuring daylight overdrafts (see Docket Number: R-0721). The Board expects to implement pricing when the measurement rules are finalized.

In addition, 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). The Board expects to take further action on this proposal when other aspects of its risk reduction program are finalized. 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 incur large daylight overdrafts, and many small entities are exempt from filing for an overdraft cap and would be exempt from pricing under the Board's proposed pricing program.

TIMETABLE:	ACTION	DATE	FR CITE
	Board requested comment	06/21/89	54 FR 26090
	Adoption of policies (R-0669, R-0670, and part of R-0668)	05/31/90	55 FR 22087
	Further Board action by	12/00/91	

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

17.

TITLE:

Proposals to Modify the Payments System Risk Reduction Program
(Docket Number: R-0693)

LEGAL AUTHORITY:

12 USC 221 et seq

CFR CITATION:

000 CFR None

ABSTRACT:

In May 1990, as part of its payments system risk reduction program, the Board requested comment on a proposed risk reduction policy that would prohibit bankers' banks and Edge corporations from incurring funds or book-entry overdrafts on Fedwire (55 FR 22086, May 31, 1990). The Board proposed that Reserve Banks assess a penalty fee when these or other institutions with imposed zero caps incur inadvertent daylight or overnight overdrafts on Fedwire.

It is not expected that these proposals would 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. Furthermore, this proposal is limited to a small subset of Fedwire participants.

Following review of the public comments, the Board is expected to take further action by year-end.

TIMETABLE:	ACTION	DATE	FR CITE
	Board requested comment	05/31/90	55 FR 22086
	Further Board action by	12/00/91	

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-AB17

18.

TITLE:

Proposal to Modify the Payments System Risk Reduction Program
(Docket Number: R-0721)

LEGAL AUTHORITY:

12 USC 21 et seq

CFR CITATION:

00 CFR none

ABSTRACT:

In January 1991, the Board requested comment on a proposed method for posting debits and credits to depository institutions' accounts at Federal Reserve Banks in order to measure daylight overdrafts accurately under the Board's payments system risk reduction program (56 FR 3098, January 28, 1991). Accurate measurement of daylight overdrafts will be necessary in order to assess fees for daylight overdrafts, which the Board anticipates implementing in the future. The overdraft measurement proposal is a revision of the proposal issued for comment in June 1989 (54 FR 26090, June 21, 1989).

It is not expected that this proposal would have a significant economic impact on a substantial number of small entities because small entities do not usually incur large daylight overdrafts, and many small entities are exempt from filing for an overdraft cap and would be exempt from pricing under the Board's proposed pricing program.

Following review of the public comments, the Board is expected to take further action by year-end.

TIMETABLE:	ACTION	DATE	FR CITE
	Board requested comment	01/28/91	56 FR 3098
	Further Board action by	12/00/91	

EFFECTS ON SMALL BUSINESS AND OTHER ENTITIES: None

AGENCY CONTACT:

Florence Young
Assistant Director
Division of Reserve Bank Operations and Payment Systems
202 452-3926

RIN: 7100-AB18

Section 3
Completed Section

19.

TITLE:

Regulation: H - Membership of State Banking Institutions in the Federal Reserve System; and Regulation: Y - Bank Holding Companies and Change in Bank Control (Docket Number: R-0709)

LEGAL AUTHORITY:

12 USC 1844(b)
12 USC 3909

CFR CITATION:

12 CFR 208
12 CFR 225

ABSTRACT:

In October 1990, the Board issued for comment proposed modifications and clarifications to its risk-based capital guidelines which will: (1) ensure that certain off-balance sheet credit exposures, particularly sales of residential mortgages with recourse, are adequately captured in the risk-based capital framework; (2) clarify certain provisions of the guidelines that call for Board approval before any redemption of perpetual preferred stock; (3) ensure consistency with the Federal Reserve's general treatment of goodwill and with provisions contained in the Financial Institutions, Reform, Recovery, and Enforcement Act of 1989; and (4) assign claims on a country's central bank to the same risk weight category as claims on the country's central government.

On August 21, 1991, following review of the public comments, the Board adopted the revisions in substantially the form proposed, and directed the staff to co-ordinate with the other banking regulatory agencies to obtain identical requirements (no Federal Register cite available). The revisions are not expected to have a significant economic impact on a substantial number of small business entities.

TIMETABLE:	ACTION	DATE	FR CITE
	Board requested public comment	10/17/90	55 FR 42022
	Board approved proposals	08/21/91	

EFFECTS ON SMALL BUSINESS AND OTHER ENTITIES: None

AGENCY CONTACT:

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RIN: 7100-AB19

20.

TITLE:

Regulation: K - International Banking Operations (Docket Number: R-0703)

LEGAL AUTHORITY:

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

CFR CITATION:

12 CFR 211

ABSTRACT:

In July 1990, the Board approved issuing for comment revisions to Regulation K in a number of areas dealing with the U.S. and foreign operations of Edge and Agreement corporations, member banks, bank holding companies, and foreign banking organizations. In June 1991, following review of the public comments, the Board adopted revisions to expand the existing authority of U.S. banking organizations to engage in underwriting and dealing in equity securities outside the United States; increase the current dollar limits under which U.S. banking organizations may make investments abroad without prior notice to the Board; clarify the portfolio investment authority under which U.S. banking organizations may make limited equity investments in any type of company outside the United States; permit Edge corporations to provide domestic banking services, including loans, to foreign persons and governments; expand the range of permissible activities for U.S. banking organizations abroad to include futures commission merchant activities and life insurance underwriting; modify the authority for debt-for-equity investments, including permitting a cash component to such investments without prior notice to the Board and providing for retention of such investments in companies that engage in a small level of business activities in the United States; authorize case-by-case exemptions from the standard for qualifying foreign banking organizations; and require Edge corporations to maintain a minimum risk-based capital level of 10 percent (56 FR 19549, April 29, 1991).

TIMETABLE:	ACTION	DATE	FR CITE
	Board proposed revisions	08/09/90	55 FR 32424
	Board adopted revisions	04/29/91	56 FR 19549

EFFECTS ON SMALL BUSINESS AND OTHER ENTITIES: None

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21.

TITLE:

Regulation: P - Minimum Security Devices and Procedures for
Federal Reserve Banks and State Member Banks (Docket Number:
R-0688)

LEGAL AUTHORITY:

12 USC 1881 to 1884

CFR CITATION:

12 CFR 216

ABSTRACT:

In December 1989, the Board issued for public comment revisions to Regulation P, the regulation which implements the Bank Protection Act of 1968, and establishes minimum security standards for Federal Reserve Banks and for state member banks. Following review of public comments, the Board, in March 1991, approved revisions to the regulation (56 FR 13069, March 29, 1991). The revisions remove sections outdated by technological changes and reorganize and shorten the regulation for simplicity and clarity. It is not anticipated that the revised regulation will have a significant impact on a substantial number of small banks.

TIMETABLE:	ACTION	DATE	FR CITE
	Board approved issuing revisions for comment	12/15/89	55 FR 12850
	Board adopted proposals	03/29/91	56 FR 13069

EFFECTS ON SMALL BUSINESS AND OTHER ENTITIES: None

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22.

TITLE:

Regulation: BB - Community Reinvestment (Docket Number: R-0691)

LEGAL AUTHORITY:

12 USC 2901 et seq

CFR CITATION:

12 CFR 228

ABSTRACT:

In June 1990, the Board (along with the Department of the Treasury, Office of the Comptroller of the Currency, Federal Deposit Insurance Corporation, and the Office of Thrift Supervision) issued a temporary rule amending Regulation BB (and the other agencies' respective regulations) to implement changes in the Community Reinvestment Act contained in Title XII of the Financial Institutions Reform, Recovery and Enforcement Act of 1989.

Following review of public comments, the Board, in June 1991, adopted a final rule establishing procedures applicable to state member banks governing public access to CRA Performance Evaluations and CRA ratings assigned by the Federal Reserve during the examination process (56 FR 26901, June 12, 1991). It requires state member banks to place their CRA Performance Evaluation and CRA ratings in their public comment file (which they are required to maintain under existing regulations) within 30 business days of receipt. State member banks must make the evaluation and rating available for public inspection and provide copies of the evaluation to interested parties upon request, subject to a reasonable fee. State member banks also must amend their CRA Public Notices to reflect the public availability of the evaluation and rating.

The rule is not expected to have a significant economic impact on a substantial number of small entities; it imposes only minor burdens on all institutions, regardless of size.

TIMETABLE:	ACTION	DATE	FR CITE
	Board adopted temporary rule	06/28/90	55 FR 26623
	Board adopted final rule	06/12/91	56 FR 26901

EFFECTS ON SMALL BUSINESS AND OTHER ENTITIES: None

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RIN: 7100-AB16

23.

TITLE:

Rules of Practice for Hearings (Docket Number: R-0733)

LEGAL AUTHORITY:

PL 101-173, Sec 916

CFR CITATION:

12 CFR 263

ABSTRACT:

In June 1991, the Board requested public comment on revisions to its rules regarding administrative hearings. Section 916 of the Financial Institutions Reform, Recovery, and Enforcement Act of 1989 requires that the Federal banking agencies and the National Credit Union Administration Board jointly develop a set of uniform rules and procedures for administrative hearings, including provisions for summary judgment rulings where there are no disputes as to material facts of the case. Following review of the public comments and in consultation with affected agencies, the Board adopted revisions to its rules in substantially the form proposed (56 FR 38048, August 9, 1991). The revisions are not expected to have a significant economic impact on a substantial number of small entities.

TIMETABLE:	ACTION	DATE	FR CITE
	Board requested public comment	06/17/91	56 FR 27790
	Board adopted revisions	08/09/91	56 FR 38048

EFFECTS ON SMALL BUSINESS AND OTHER ENTITIES: None

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RIN: 7100-AB23