

FEDERAL RESERVE SYSTEM

Semiannual Regulatory Flexibility Agenda October 1, 1992 - April 1, 1993

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
September 1992

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, 1992 through April 1, 1993. The next Semiannual Agenda will be published in April 1993.

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 1992 Agenda as part of the October 1992 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: B - Equal Credit Opportunity

LEGAL AUTHORITY:

15 USC 1691b

CFR CITATION:

12 CFR 202

ABSTRACT:

Section 223 of the Federal Deposit Insurance Corporation Improvement Act of 1991 amended the Equal Credit Opportunity Act (ECOA) to require that upon written request a creditor must provide a credit applicant with a copy of the appraisal report used in connection with an application for a loan secured by a lien on residential real property. In addition, the enforcement provisions of the ECOA are amended to require the federal financial supervisory agencies responsible for enforcing the ECOA to refer certain matters involving credit discrimination to the Department of Justice or the Department of Housing and Urban Development.

In September 1992 the Board is expected to consider issuing for public comment proposed revisions to Regulation B that would implement the ECOA amendments. The proposal is not expected to have a substantial economic impact on small banks.

TIMETABLE:	ACTION	DATE	FR CITE
	Board is expected to consider publishing a proposal by	10/00/92	

EFFECTS ON SMALL BUSINESS AND OTHER ENTITIES: None

AGENCY CONTACT:

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

RIN: 7100-AB34

2.

TITLE:

Regulation: D - Reserve Requirements of Depository Institutions

LEGAL AUTHORITY:

12 USC 461 et seq

CFR CITATION:

12 CFR Part 204

ADSTRACT:

During the next four months, the Board will consider issuing for public comment a proposed amendment to Regulation D that would eliminate the requirement for member banks to obtain prior approval before issuing subordinated debt that is considered to be capital. Staff is developing this proposal as part of the Board's ongoing program to reduce regulatory burden on depository institutions. The proposal would ease the compliance burden for any state member bank that wishes to issue subordinated debt, regardless of size, and should not have a significant economic impact on small entities.

TIMETABLE:

ACTION

DATE

FR CITE

Board is expected to consider requesting comment by 12/00/92

EFFECTS ON SMALL BUSINESS AND OTHER ENTITIES: None

AGENCY CONTACT:

Stephanie Martin
Senior Attorney
Legal Division
202 452-3198

3.

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. The Board's consideration of whether to propose special rules to govern the electronic delivery of government benefits is addressed in a separate entry on Regulation E.

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 SITE
	Board may consider revisions to Regulation E	10/00/92	

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

4.

TITLE:

Regulation: E - Electronic Fund Transfers

LEGAL AUTHORITY:

15 USC 1693 et seq "Electronic Fund Transfer Act"

CFR CITATION:

12 CFR 205

ABSTRACT:

Regulation E implements the Electronic Fund Transfer Act, which establishes the basic rights, liabilities, and responsibilities of consumers who use electronic fund transfer services and of the institutions (including traditional depository institutions and other entities, whether or not they hold the consumer's account) that offer these services. The Board will consider whether Regulation E should apply to electronic benefit transfer (EBT) programs established by federal, state, and local agencies to automate the delivery of government benefits to recipients. The Board also will determine whether to establish special rules for EBT programs. (The Board's consideration of other revisions to the existing regulation, under its Regulatory Improvement Program, is discussed in RIN 7100-AA77.)

Public comment will be requested on any regulatory proposals that may be developed for EBT programs. It is not anticipated that the revisions would have a significant economic impact on small banks.

TIMETABLE:

ACTION

DATE

FR CITE

Board may consider amendments to
Regulation E

10/00/92

EFFECTS ON SMALL BUSINESS AND OTHER ENTITIES: None

AGENCY CONTACT:

Dolores S. Smith
Assistant Director
Division of Consumer and Community Affairs
202 451-2412

5.

TITLE:

Regulation: H - Membership of State Banking Institutions in the Federal Reserve System; and Regulation: Y - Bank Holding Companies and Change in Bank Control

LEGAL AUTHORITY:

12 USC 1831m

CFR CITATION:

12 CFR 208

12 CFR 225

ABSTRACT:

During 1992, staff will consult with the other federal banking agencies regarding the implementation of section 112, the bank auditing requirements, of the Federal Deposit Insurance Corporation Improvement Act of 1991. This includes requirements for insured commercial banks to receive audits of their annual reports by independent public accountants, requirements for banks and their auditors to report certain information to the Board, and requirements for independent audit committees for banks. In some cases, these requirements can be satisfied by comparable arrangements at the bank holding company level. Within the next four months the Board will consider requesting public comment on proposed regulations. The Act generally exempts insured depository institutions from these requirements when their total assets are less than \$150 million.

TIMETABLE:	ACTION	DATE	FR CITE
	Board may consider amendments to Regulations H and Y by	12/00/92	

EFFECTS ON SMALL BUSINESS AND OTHER ENTITIES: None

AGENCY CONTACT:

Gerald A. Edwards, Jr.
Assistant Director
Division of Banking Supervision and Regulation
202 452-2741

RIN: 7100-AB39

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

LEGAL AUTHORITY:

12 USC 1831n
12 USC 1833d

CFR CITATION:

12 CFR 208
12 CFR 225

ABSTRACT:

During 1992, the staff will consult with the other federal banking agencies regarding the implementation of section 121, the bank accounting requirements, of the Federal Deposit Insurance Corporation Improvement Act of 1991. These requirements include the implementation of disclosures of the fair market value of assets and liabilities and certain projects, which may result in the revision of reporting requirements for banks and bank holding companies. The accounting provisions of the Act do not include exemptions for small institutions. Thus, any changes to regulations and reporting requirements would likely affect smaller state member banks.

The Board is expected to consider requesting public comment on any proposed regulations within the next four months.

TIMETABLE:	ACTION	DATE	FR CITE
	Board may consider amendments to Regulations H and Y by	12/00/92	

EFFECTS ON SMALL BUSINESS AND OTHER ENTITIES: Yes

AGENCY CONTACT:

Gerald A. Edwards, Jr.
Assistant Director
Division of Banking Supervision and Regulation
202 452-2741

RIN: 7100-AB41

7.

TITLE:

Regulation: H - Membership of State Banking Institutions in the Federal Reserve System; and Regulation: Y - Banking Holding Companies and Change in Bank Control

LEGAL AUTHORITY:

PL 102-233, Sec 618(a) "Resolution Trust Corporation Refinancing, Restructuring, and Improvement Act of 1991"

CFR CITATION:

12 CFR 208, Appendix A
12 CFR 225, Appendix A

ABSTRACT:

In order to lower the risk weight for certain presold residential construction loans from 100 percent to 50 percent so as to more accurately reflect the risk of these assets, the Federal Financial Institutions Examination Council (FFIEC), in February 1992, issued for public comment a proposed change to the instructions to the Reports of Condition and Income (Call Report) to include these loans in the definition of loans secured by one-to-four family residences (57 FR 4027, February 3, 1992). This change would place these assets in the 50 percent risk category under the Board's risk-based capital guidelines. It also would serve to implement section 618(a) of the RTC Refunding Act of 1991, which requires the federal banking agencies to lower the risk weight on certain presold residential construction loans to 50 percent.

Subsequently, the legal staffs of the other federal banking agencies have agreed to not amend the Call Report, but to implement the change of risk weight instead through a revision to their respective risk-based capital guidelines. Since the Federal Reserve cannot change the Call Report unilaterally and in order to achieve consistency with the other agencies, it is expected that staff will propose amending the Board's risk-based capital guidelines to lower the risk weight for these assets and, thereby, implement the statutory requirement.

It is not anticipated that the proposed revision will have a significant impact on a substantial number of small institutions. A lower risk category for presold residential construction loans may help some small organizations with their capital ratios, but the impact will be small.

TIMETABLE:	ACTION	DATE	FR CITE
	FFIEC issued proposed changes to Call Report	02/03/92	57 FR 4027
	Further Board action by	10/00/92	

EFFECTS ON SMALL BUSINESS AND OTHER ENTITIES: None

AGENCY CONTACT:

Robert Motyka
Senior Financial Analyst
Division of Banking Supervision and Regulation
202 452-3621

8.

TITLE:

Regulation: H - Membership of State Banking Institutions in the Federal Reserve System; and Regulation: Y - Banking Holding Companies and Change in Bank Control

LEGAL AUTHORITY:

12 USC 3310
12 USC 3331
12 USC 3351

CFR CITATION:

12 CFR Part 208
12 CFR Part 225

ABSTRACT:

During the next month, the Board will consider issuing for public comment proposed amendments to its appraisal standards provisions in Regulations H and Y that would permit appraisers to use the Departure Provision in the Uniform Standards of Professional Appraisal Practice ("USPAP") and would eliminate those portions of the Board's appraisal standards that are similar to or duplicative of the USPAP standards. Staff is developing this proposal as part of the Board's ongoing program to reduce regulatory burden on depository institutions, and the proposal is not expected to have a significant economic impact on small institutions.

TIMETABLE:	ACTION	DATE	FR CITE
	Board is expected to consider requesting comment by	10/00/92	

EFFECTS ON SMALL BUSINESS AND OTHER ENTITIES: None

AGENCY CONTACT:

Roger Cole
Deputy Associate Director
Division of Banking Supervision and Regulation
202 452-2618

9.

TITLE:

Regulation: K - International Banking Operations

LEGAL AUTHORITY:

12 USC 3105
12 USC 3108

CFR CITATION:

12 CFR 211

ABSTRACT:

Within the next four months, the Board will consider action to implement (i) section 202(a) of the Federal Deposit Insurance Corporation Improvement Act of 1991 ("FDICIA") with respect to limitations on the powers of state branches and agencies of foreign banks and the criteria to be used in evaluating the operations of foreign banks that the Board has determined are not subject to comprehensive supervision or regulation on a consolidated basis and (ii) section 214(a) of FDICIA with respect to the deposit-taking activities of foreign banks. It is undetermined what economic impact these proposals would have on small institutions.

TIMETABLE:	ACTION	DATE	FR CITE
	Board will consider requesting comment	12/00/92	

EFFECTS ON SMALL BUSINESS AND OTHER ENTITIES: Undetermined

AGENCY CONTACT:

Ann Misback
Senior Attorney
Legal Division
202 452-3788

10.

TITLE:

Regulation: T - Credit by Brokers and Dealers (Docker Number: R-0772)

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 220

ABSTRACT:

The Board is conducting a review of Regulation T, which regulates extensions of credit by and to brokers and dealers. The review will consider whether any provisions of the regulation are in need of updating and whether any substantive changes are necessary because of developments in the securities markets, including the development of new products and services and the expansion of global markets. On August 12, 1992, the Board approved a general request for comments to aid in its review (57 FR 37109, August 18, 1992). Public comment will again be requested for any regulatory proposals that may be developed following the review. It is not anticipated that the revisions would have a significant economic impact on the overall lending activities of a substantial number of small brokerage firms.

TIMETABLE:

ACTION	DATE	FR CITE
Board approved requesting comment	08/18/92	57 FR 37109
Further Board action expected by	12/00/92	

EFFECTS ON SMALL BUSINESS AND OTHER ENTITIES: None

AGENCY CONTACT:

Laura Homer
 Assistant Director
 Division of Banking Supervision and Regulation
 202 452-2781

RIN: 7100-AB28

11.

TITLE:

Regulation: Y - Bank Holding Companies and Change in Bank Control

LEGAL AUTHORITY:

12 USC 1834a

12 USC 1834b

CFR CITATION:

12 CFR 225

ABSTRACT:

Sections 233 and 234 of the Federal Deposit Insurance Corporation Improvement Act of 1991 require the Board and other regulatory agencies to become involved in an effort to get banks to participate in certain types of lending activities in designated distressed communities. Banks that do the appropriate type of lending in the appropriate "distressed communities" will receive assessment credits for their FDIC insurance premiums. The law requires the Board to receive notice of the banks' intent to involve themselves in these activities, to assist the banks to define and locate the appropriate communities, and to define certain terms by regulation. To accomplish the mandates of the statute, it may be necessary to amend Regulation Y for purposes of receiving notice of the banks' and holding companies' intent to form the types of entities discussed in the law and to do the type of lending intended by the law. It may also be necessary to amend the regulation to provide the definitions of "nonprofit organization" and "small business" called for by the statute. It is not expected that any proposed regulation would have a significant economic impact on small institutions. These provisions only take effect if, and when, Congress appropriates funds to cover the impact they may have on the Bank Insurance Fund. Consequently, the timing is somewhat uncertain.

TIMETABLE:

ACTION

DATE

FR CITE

Date of action undetermined

00/00/00

EFFECTS ON SMALL BUSINESS AND OTHER ENTITIES: None

AGENCY CONTACT:

Glenn E. Loney

Assistant Director

Division of Consumer and Community Affairs

202 452-3585

RIN: 7100-AB29

12.

TITLE:

Determinations Under FDICIA Netting Provisions

LEGAL AUTHORITY:

12 USC 4401 et seq

CFR CITATION:

00 CFR None

ABSTRACT:

Section 401 et seq of the Federal Deposit Insurance Corporation Improvement Act of 1991 (FDICIA) contains provisions to validate netting contracts between and among financial institutions for the purpose of improving efficiency and reducing systemic risk in the banking system and financial markets. The FDICIA defines "financial institution" to include securities brokers or dealers, depository institutions, futures commission merchants, and any other institution as determined by the Board, such as broker-dealer affiliates that engage in netting.

The Board will likely seek public comment within the next four months on the criteria under which an expansion of the "financial institution" definition should be made. Small entities will be affected only to the extent that they engage in netting activities in the financial markets and would benefit by being considered financial institutions for purposes of the FDICIA netting provisions.

TIMETABLE:

ACTION

DATE

FR CITE

Board is expected to consider requesting comment by		12/00/92	
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EFFECTS ON SMALL BUSINESS AND OTHER ENTITIES: Yes

AGENCY CONTACT:

Stephanie Martin
 Senior Attorney
 Legal Division
 202 452-3198

RIN: 7100-AB35

13.

TITLE:

Lifeline Accounts

LEGAL AUTHORITY:

12 USC 1817
12 USC 1834

CFR CITATION:

00 CFR None

ABSTRACT:

Section 232 of the Federal Deposit Insurance Corporation Improvement Act of 1991 requires the Board with the FDIC to establish minimum requirements for "lifeline" transaction accounts. An insured depository institution that chooses to offer accounts that meet these requirements will be assessed deposit insurance premiums on those deposits at a rate of 1/2 the maximum assessment rate. The Act sets forth factors that the Board and the FDIC must consider in setting the account requirements, such as whether the amount of the fee, if any, that is charged for routine transactions does not exceed a minimal level. Section 232 is not effective until the Congress appropriates funds specifically for its implementation. Therefore, it cannot be determined when the Board's and the FDIC's responsibility to establish account requirements will arise. It is not anticipated that implementation of the law, due to its voluntary character, will have a significant impact on a substantial number of small institutions.

TIMETABLE:	ACTION	DATE	FR CITE
	Date for action undetermined; action dependent upon appropriations	00/00/00	

EFFECTS ON SMALL BUSINESS AND OTHER ENTITIES: None

AGENCY CONTACT:

Michael S. Bylsma
Senior Attorney
Division of Consumer and Community Affairs
202 452-3667

RIN: 7100-AB40

14.

TITLE:

Risk-Based Capital Standards (Docket Number: R-0764)

LEGAL AUTHORITY:

PL 102-242

CFR CITATION:

12 CFR 208

12 CFR 225

ABSTRACT:

Section 305 of the Federal Deposit Insurance Corporation Improvement Act of 1991 requires each of the federal banking agencies to revise its risk-based capital standards for the depository institutions it regulates in order to ensure that those standards take adequate account of interest rate risk, concentration of credit risk, and the risks of nontraditional activities. In June 1992, the Board approved an advance notice of proposed rulemaking that seeks comment on a proposed system for incorporating interest rate risk into risk-based capital standards, and seeks suggestions for developing means of incorporating concentration of credit risk and the risks of nontraditional activities (57 FR 35507, August 10, 1992). The proposed system for measuring interest rate risk would attempt to measure interest rate risk at each institution, and would assess a capital charge against institutions with risk that is greater than a threshold level set by the agency. The proposal, if adopted, would require every state member bank, regardless of size, to provide additional information sufficient to allow the Board to measure accurately its interest rate risk. Following review of the public comments, the Board is expected to take further action within the next four months.

TIMETABLE:

ACTION	DATE	FR CITE
Board requested public comment	08/10/92	57 FR 35507
Further Board action by year-end	12/00/92	

EFFECTS ON SMALL BUSINESS AND OTHER ENTITIES: Yes

AGENCY CONTACT:

James Embersit
 Supervisory Financial Analyst
 Division of Banking Supervision and Regulation
 202 452-5249

15.

TITLE:

Standards for Safety and Soundness (Docket Number: R-0766)

LEGAL AUTHORITY:

PL 102-242

CFR CITATION:

12 CFR Chapter II

ABSTRACT:

Section 132 of the Federal Deposit Insurance Corporation Improvement Act of 1991 requires each of the Federal banking agencies to prescribe by regulation certain safety and soundness standards for the insured depository institutions and depository institution holding companies for which it is the primary regulator. Standards must be prescribed in three principal areas: (1) operational and managerial; (2) asset quality, earnings, and stock valuation; and (3) employee compensation. If an insured depository institution does not meet one of those standards, the institution is required to establish a plan to achieve compliance with the standard that is acceptable to the primary regulator of the institution. In July 1992, the Board requested public comment on an interagency advance notice of proposed rulemaking (57 FR 31336, July 15, 1992).

It is undetermined what economic impact these proposals would have on small institutions. In developing a final regulation, an overriding issue facing the agencies is how to balance the objectives of the statute relating to safety and soundness standards with the important need to avoid establishing unrealistic and overly burdensome standards that unnecessarily raise costs within the regulated community. Following review of the public comments, the Board is expected to take further action within the next six months.

TIMETABLE:

ACTION	DATE	FR CITE
Board requested public comment	07/15/92	57 FR 31336
Further Board action expected by	04/00/93	

EFFECTS ON SMALL BUSINESS AND OTHER ENTITIES: Undetermined

AGENCY CONTACT:

Roger T. Cole
Deputy Associate Director
Division of Banking Supervision and Regulation
202 452-2618

Section 2
Final Rule Stage

16.

TITLE:

Regulation: C - Home Mortgage Disclosure (Docket Number: R-0771)

LEGAL AUTHORITY:

12 USC 2804
12 USC 2808

CFR CITATION:

12 CFR 203

ABSTRACT:

Section 224 of the Federal Deposit Insurance Corporation Improvement Act of 1991 changes the exemption provisions in section 309 of the Home Mortgage Disclosure Act. Section 224 eliminates the current exemption for nondepository mortgage lenders with assets of \$10 million or less; and directs the Board, in consultation with the U.S. Department of Housing and Urban Development, to instead exempt nondepository mortgage lenders that are "comparable within their respective industries" to depository institutions that are exempt. In July 1992, the Board approved issuing for public comment proposed revisions to Regulation C to implement section 224 (57 FR 36024, August 12, 1992). Following review of the public comments, the Board is expected to take further action on the proposal within the next three months.

Depending upon the criteria used in the proposed new exemption, the revisions may have an impact on small institutions. Some nondepository mortgage lenders with assets under \$10 million that now are exempt are likely to be covered by Regulation C under the proposed exemption rules, but the number and size of such lenders are not presently known.

TIMETABLE:	ACTION	DATE	FR CITE
	Board requested public comment	08/12/92	57 FR 36024
	Further Board action by	11/00/92	

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-AB36

17.

TITLE:

Regulation: F - Interbank Liabilities (Docket Number: R-0769)

LEGAL AUTHORITY:

12 USC 371b-2

CFR CITATION:

00 CFR None

ABSTRACT:

Section 308 of the Federal Deposit Insurance Corporation Improvement Act of 1991, which adds a new section 23 to the Federal Reserve Act, requires the Board to develop standards to limit the exposure of FDIC-insured depository institutions to other depository institutions. In July 1992, the Board issued for public comment a proposed rule that would require insured depository institutions to develop and implement internal procedures to evaluate and control exposure to the depository institutions with which they do business (57 FR 31974, July 20, 1992). The proposed rule also would establish "benchmark" guidelines for daily overnight credit exposure to individual depository institutions.

The proposal would apply to all FDIC-insured depository institutions, including approximately 8,500 institutions with assets of less than \$100 million. Under the proposed rule, these institutions may be required to make adjustments in their correspondent relations, and may need to maintain additional records to demonstrate compliance. Following review of the public comments, the Board is expected to take further action within the next four months.

TIMETABLE:

ACTION

DATE

FR CITE

Board requested comment

07/20/92

57 FR 31974

Board is expected to consider final rule

12/00/92

EFFECTS ON SMALL BUSINESS AND OTHER ENTITIES: Yes

AGENCY CONTACT:

Oliver Ireland
Associate General Counsel
Legal Division
202 452-3625

RIN: 7100-AB37

18.

TITLE:

Regulation: H - Membership of State Banking Institutions in the Federal Reserve System (Docket Number: R-0763)

LEGAL AUTHORITY:

12- USC 1831o

CFR CITATION:

12 CFR 208

ABSTRACT:

Section 131 of the Federal Deposit Insurance Corporation Improvement Act of 1991 requires each federal banking agency to take prompt regulatory action to address problems at the banks it regulates. Pursuant to statutory requirement, the Board, in July 1992, issued a notice of proposed rulemaking regarding application of prompt corrective action to state member banks (57 FR 29226, July 1, 1992). The proposed regulation adopts definitions of the capital measures and capital thresholds that trigger supervisory responses; establishes a schedule for filing and review of capital restoration plans required to be filed by undercapitalized institutions; and establishes procedures for administrative review of discretionary agency actions taken pursuant to prompt corrective action.

These rules will apply to banks of all sizes, including small banks that have capital levels below the Board's minimum capital adequacy guidelines. However, it is not anticipated that the proposal will have a significant economic impact on a substantial number of small banks. Following review of the public comments, the Board is expected to take further action within the next month.

TIMETABLE:	ACTION	DATE	FR CITE
	Board requested public comment	07/01/92	57 FR 29226
	Further Board action by	10/00/92	

EFFECTS ON SMALL BUSINESS AND OTHER ENTITIES: Yes

AGENCY CONTACT:

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

RIN: 7100-AB38

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-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 and coordination with other affected agencies, the Board is expected to take further action on this proposal by year-end 1992.

TIMETABLE:	ACTION	DATE	FR CITE
	Board requested comment	11/26/90	55 FR 49057
	Further Board action expected by	12/00/92	

EFFECTS ON SMALL BUSINESS AND OTHER ENTITIES: Yes

AGENCY CONTACT:

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

RIN: 7100-AB20

20.

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 and coordination with other affected agencies, the Board is expected to take further action on this proposal by year-end 1992.

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

EFFECTS ON SMALL BUSINESS AND OTHER ENTITIES: None

AGENCY CONTACT:

Christopher J. Bellini
Attorney
Legal Division
202 452-3269

RIN: 7100 AB27

21.

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-0748)

LEGAL AUTHORITY:

PL 102-242, Sec 475 "Federal Deposit Insurance Corporation Improvement Act of 1991"

CFR CITATION:

12 CFR 208, Appendix A
12 CFR 225, Appendix A

ABSTRACT:

On January 21, 1992, the Board approved issuing for public comment proposed revisions to Regulation H, Appendix A and Regulation Y, Appendix A that will provide guidance on the regulatory capital treatment of identifiable intangible assets for state member banks and bank holding companies (57 FR 6563, February 26, 1992). The proposal, developed in coordination with the FDIC, OCC, and OTS, would implement section 475 of the Federal Deposit Insurance Corporation Improvement Act of 1991, which requires each federal banking agency to determine the capital treatment of purchased mortgage servicing rights. The proposed revisions also are aimed at achieving uniformity in the treatment of identifiable intangible assets among the federal banking agencies.

It is not anticipated that the proposed revisions will have a significant impact on a substantial number of small institutions, the vast majority of which have few identifiable intangible assets. 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 approved requesting comment	02/26/92	57 FR 6563
	Further Board action by	10/00/92	

EFFECTS ON SMALL BUSINESS AND OTHER ENTITIES: None

AGENCY CONTACT:

Norah Barger
Supervisory Financial Analyst
Division of Banking Supervision and Regulation
202 452-2402

RIN: 7100-AB30

22.

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-0765)

LEGAL AUTHORITY:

12 USC 371(a)
12 USC 1828(o)

CFR CITATION:

12 CFR 208
12 CFR 225

ABSTRACT:

Section 304 of the Federal Deposit Insurance Corporation Improvement Act of 1991 (FDICIA) contains an amendment to the Federal Deposit Insurance Act and a conforming amendment to the Federal Reserve Act requiring the federal banking agencies to adopt uniform regulations prescribing standards for real estate lending. The FDICIA defines real estate lending as extensions of credit secured by liens on interests in real estate or made for the purpose of financing the construction of a building or other improvements to real estate. The agencies may differentiate among types of loans as may be required by federal statute, or as may be warranted by risk to the deposit insurance fund, or by safety and soundness considerations.

The agencies are directed in developing such standards not to evaluate adversely investments or loans or consider a loan to be nonperforming solely because the loan or investment is made in commercial, residential, or industrial property, unless such investment or loan may affect the institution's safety and soundness.

In July 1992, the Board approved issuing for comment proposed revisions to Regulations H and Y (57 FR 31594, July 16, 1992). The provisions of the Act do not include exemptions for small institutions. Thus, new regulations for real estate underwriting standards would likely affect real estate lending operations at smaller state member banks. The Board is seeking comment on the impact such regulations may have on smaller banking organizations and other entities.

Following review of the public comments, the Board is expected to take further action within the next month.

TIMETABLE:	ACTION	DATE	FR CITE
	Board requested public comment	07/16/92	57 FR 31594
	Further Board action by	10/00/92	

EFFECTS ON SMALL BUSINESS AND OTHER ENTITIES: Yes

AGENCY CONTACT:

Fred Struble
Associate Director
Division of Banking Supervision and Regulation
202 452-3794

RIN: 7100-AB42

23.

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-0756)

LEGAL AUTHORITY:

PL 102-233, Sec 618(b) "Resolution Trust Corporation Refinancing, Restructuring, and Improvement Act of 1991"

CFR CITATION:

12 CFR 208, Appendix A
12 CFR 225, Appendix A

ABSTRACT:

In April 1992, the Board issued for public comment proposed modifications to its risk-based capital guidelines (57 FR 14362, April 20, 1992). The first proposed modification will implement section 618(b) of the RTC Refunding Act of 1991 requiring the federal banking agencies to lower the risk weight for multifamily housing loans from 100 percent to 50 percent. The second proposed modification will lower the risk weight for certain collateralized transactions from 20 percent to 0 percent in order to better reflect the risk of such transactions. The latter proposal would place U.S. banking organizations on a more equal footing with foreign banks subject to the Basle Accord with regard to capital requirements for certain low-risk collateralized transactions.

It is not anticipated that the proposed revisions will have a significant impact on a substantial number of small institutions. A lower risk category for multifamily housing loans and certain collateralized transactions may help some small organizations with their capital ratios, but the impact will be small.

Following review of the public comments, the Board is expected to take further action within the next four months.

TIMETABLE:

ACTION

DATE

FR CITE

Board requested comment		04/20/92	57 FR 14362
Further Board action by		12/00/92	

EFFECTS ON SMALL BUSINESS AND OTHER ENTITIES: None

AGENCY CONTACT:

Robert Motyka
Senior Financial Analyst
Division of Banking Supervision and Regulation
202 452-3621

24.

TITLE:

Regulation: H - Membership of State Banking Institutions in the Federal Reserve System; and Regulation: Y - Bank Holding Companies and Change in Bank Control

LEGAL AUTHORITY:

12 USC 248(i)
12 USC 1844(b)

CFR CITATION:

12 CFR Part 208
12 CFR Part 225
12 CFR Part 265

ABSTRACT:

On August 12, 1992, the Board determined to seek public comment on a number of proposals to reduce burden that is associated with the process for seeking Board approval for a variety of transactions (Federal Register cite unavailable). In particular, the Board has proposed to (1) establish certain procedures to limit extension of the pre-acceptance period for applications; (2) permit prospective applicants the opportunity to submit a pre-filing notice of intent to file an application; (3) eliminate the stock redemption notice requirement for bank holding companies that are and would remain well capitalized on a consolidated basis and in generally satisfactory condition following the redemption; (4) expand the authority of Reserve Banks to process all delegable applications without Board staff review; (5) modify the Board's delegation rules that pertain to competition and market concentration; (6) reduce redundant post-acceptance processing of Board action cases; and (7) increase monitoring of cases that require extended processing.

In addition, the Board proposed to establish a general consent procedure for investments in bank premises by state member banks. Section 24A of the Federal Reserve Act requires state member banks to obtain the Board's approval prior to making investments in bank premises that would result in the bank's aggregate level of investments in bank premises to exceed the bank's capital stock account. The proposed amendment would permit a well capitalized state member bank that is also in general satisfactory condition to make bank premises investments up to a certain percentage of the bank's capital account without obtaining separate approvals for each investment up to the consent limit.

Finally, the Board determined to invite public comment on any other ways in which the burdens on applicants under the current regulation may be reduced in a manner consistent with the Board's responsibilities under applicable law.

These proposals are part of the Board's ongoing efforts to reduce regulatory burdens on financial institutions regulated by the Board and should not have a significant economic impact on small entities. Following review of the public comments, the Board is expected to take further action by year-end.

TITLE:

Regulation: H - Membership of State Banking Institutions in the Federal Reserve System; and Regulation: Y - Bank Holding Companies and Change in Bank Control

TIMETABLE:	ACTION	DATE	FR CITE
	Board determined to seek public comment	08/12/92	
	Further Board action by	12/00/92	

EFFECTS ON SMALL BUSINESS AND OTHER ENTITIES: None

AGENCY CONTACT:

Robert Frierson
Managing Senior Counsel
Legal Division
202 452-3711

25.

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 within the next two months.

TIMETABLE:

ACTION	DATE	FR CITE
Board requested comment	01/28/91	56 FR 3047
Further Board action by	10/00/92	

EFFECTS ON SMALL BUSINESS AND OTHER ENTITIES: None

AGENCY CONTACT:

Stephanie Martin
Senior Attorney
Legal Division
202 452-3198

RIN: 7100-AB21

26.

TITLE:

Regulation: K - International Banking Operations (Docket Number: R-0754

LEGAL AUTHORITY:

12 USC 3105
12 USC 3108

CFR CITATION:

12 CFR 211

ABSTRACT:

In April 1992, the Board issued an interim rule for comment implementing sections 202-204 and 206 of Title II of the Federal Deposit Insurance Corporation Improvement Act of 1991 which, among other things, require prior approval of the Board for the establishment of branches, agencies, commercial lending companies and representative offices by foreign banks in the United States (57 FR 12992, April 15, 1992). Following review of the public comments, the Board is expected to take further action within the next two months. It is not expected that the final rule will have a significant economic impact on small institutions.

TIMETABLE:

ACTION	DATE	FR CITE
Board issued an interim rule	04/15/92	57 FR 12992
Further Board action by	10/00/92	

EFFECTS ON SMALL BUSINESS AND OTHER ENTITIES: None

AGENCY CONTACT:

Ann Misback
Senior Attorney
Legal Division
202 452-3788

RIN: 7100-AB31

27.

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. The U.S. Supreme Court subsequently declined to review an appeal on this matter.

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 comment	12/05/88	53 FR 48915
Further Board action to be determined	04/00/93	

EFFECTS ON SMALL BUSINESS AND OTHER ENTITIES: Yes

AGENCY CONTACT:

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

RIN: 7100-AA41

28.

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.

After two days of additional hearings, the administrative law judge filed a supplemental recommended decision, again recommending denial of the application. The Board is expected to take final action within the next three months.

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	11/00/92	

EFFECTS ON SMALL BUSINESS AND OTHER ENTITIES: None

AGENCY CONTACT:

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

RIN: 7100-AB03

29.

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 by year-end.

TIMETABLE:

ACTION

DATE

FR CITE

Board approved proposal for comment
Further Board action by

02/27/90
12/00/92

55 FR 6787

EFFECTS ON SMALL BUSINESS AND OTHER ENTITIES: None

AGENCY CONTACT:

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

RIN: 7100-AB07

30.

TITLE:

Regulation: Y - Bank Holding Companies and Change in Bank Control; and Rules of Procedure (Docket Number: R-0760)

LEGAL AUTHORITY:

5 USC 552(a)(1)

CFR CITATION:

12 CFR 225

12 CFR 262

ABSTRACT:

The Board's Rules require an applicant to publish notice for a broad variety of applications, almost all of which are also subject to the Community Reinvestment Act. With few exceptions, notice is statutorily required to be published for these applications. Notice is generally given by publishing in a newspaper of general circulation in the affected community or communities on the same day of two consecutive weeks. In June 1992, the Board approved issuing for public comment a proposal to reduce from twice to once the number of times notice must be published in a newspaper (57 FR 28807, June 29, 1992). This revision would reduce regulatory burden by reducing newspaper publication costs and paperwork burden associated with the publication requirement. In addition to the remaining notice of publication in the newspaper, the public would continue to be made aware of pending applications through various other sources including public announcement by the applicant, published notice in the Federal Register, and weekly publications by both the Board and each Reserve Bank which list, at a minimum, the applications received and acted upon involving banking organizations in the respective jurisdictions. The proposal is not expected to have a significant economic impact on a substantial number of small business entities. The proposed amendments would reduce certain regulatory burdens for all depository institutions, reduce certain burdens for small depository institutions, and have no particular adverse effect on other small entities. Following review of public comments, the Board is expected to take further action within the next two months.

TIMETABLE:	ACTION	DATE	FR CITE
	Board approved proposal for comment	06/29/92	57 FR 28807
	Further Board action by	10/00/92	

EFFECTS ON SMALL BUSINESS AND OTHER ENTITIES: None

AGENCY CONTACT:

Deborah M. Awai
Attorney
Legal Division
202 452-3778

31.

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 within the next two months.

TIMETABLE:	ACTION	DATE	FR CITE
	Board requested comment	02/06/91	56 FR 4743
	Further Board action by	10/00/92	

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

32.

TITLE:

Regulation: DD - Truth in Savings (Docket Number: R-0753)

LEGAL AUTHORITY:

12 USC 4308

CFR CITATION:

12 CFR 230

ABSTRACT:

Sections 261-275 of the Federal Deposit Insurance Corporation Improvement Act of 1991 (Truth in Savings Act) require depository institutions to provide a schedule of terms, rates and fees for deposit accounts offered by the institution. The law also sets forth rules for advertisements for deposit accounts. In April 1992, the Board approved publishing for comment a proposal to implement the law (57 FR 12735, April 13, 1992). The regulations will apply to all depository institutions (both large and small). The impact on small institutions will depend upon the extent of the disclosures and the options for compliance offered by the regulations; it is expected that the regulations will include model forms to ease compliance burdens on the institutions somewhat. Following review of the public comments, the Board is expected to take further action during the next month.

TIMETABLE:	ACTION	DATE	FR CITE
	Board requested comment	04/13/92	57 FR 12735
	Board is expected to issue final regulation by	10/00/92	

EFFECTS ON SMALL BUSINESS AND OTHER ENTITIES: Yes

AGENCY CONTACT:

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

RIN: 7100-AB43

33.

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), including pricing and measurement of daylight overdrafts (R-0668). In January 1991, the Board issued a revised proposal on measuring daylight overdrafts (see Docket Number: R-0721). The Board expects to take action on pricing and measurement in the next two months.

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
Further Board action by

06/21/89
10/00/92

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

34.

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.

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	12/00/92	

EFFECTS ON SMALL BUSINESS AND OTHER ENTITIES: None

AGENCY CONTACT:

Stephanie Martin
Senior Attorney
Legal Division
202 452-3198

RIN: 7100-AB17

35.

TITLE:

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

LEGAL AUTHORITY:

12- USC 221 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 within the next two months.

TIMETABLE:

ACTION

DATE

FR CITE

Board requested comment

01/28/91

56 FR 3098

Further Board action by

10/00/92

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

36.

TITLE:

Transactions with Affiliates (Docket Number: R-0762)

LEGAL AUTHORITY:

12 USC 371c(e) (2)

CFR CITATION:

12 CFR 250.241

ABSTRACT:

In June 1992, the Board approved issuing for comment a proposed regulation to exempt from the limitations of section 23A of the Federal Reserve Act the transfer of assets and liabilities between affiliated insured depository institutions when the transfer is part of the merger or consolidation of the affiliated institutions (57 FR 28809, June 29, 1992). The proposed exemption would be available only for transactions that are approved by the resulting insured depository institution's primary regulator under the Bank Merger Act. The transaction represents the purchase by the insured depository institution of all or substantially all of the assets of the other insured institution or the merger or consolidation of the insured depository institution with the other institution and only one of the insured institutions continues to operate.

The proposal is not expected to have a significant economic impact on a substantial number of small business entities. The exemption would be available by regulation to affiliated insured depository institutions, and transactions that meet the proposed criteria will not require additional Board review under section 23A. Following review of the public comments, the Board is expected to take further action by year-end.

TIMETABLE:

ACTION	DATE	FR CITE
Board issued proposal for comment	06/29/92	57 FR 28809
Further Board action by	12/00/92	

EFFECTS ON SMALL BUSINESS AND OTHER ENTITIES: None

AGENCY CONTACT:

Christopher J. Bellini
Attorney
Legal Division
202 452-3269

Section 3
Completed Section

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37.

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. The proposed amendments and interpretations were 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.

On August 12, 1992, following review of the public comments, the Board adopted the proposed amendments and interpretations with the exception of the proposed amendment concerning time deposit open accounts, which was not adopted (Federal Register cite unavailable). The proposed interpretation concerning multiple MMDAs was modified to reduce the burden of complying with the interpretation. The other amendments and interpretations were adopted substantially as proposed. The Board noted that, while the amendments and interpretations generally would not have a significant economic impact on a substantial number of small institutions, the amendment concerning teller's checks could result in additional recordkeeping and reporting for some institutions.

TIMETABLE:

ACTION	DATE	FR CITE
Board requested public comment	04/17/91	56 FR 15522
Board adopted proposals	08/12/92	

EFFECTS ON SMALL BUSINESS AND OTHER ENTITIES: Yes

AGENCY CONTACT:

Oliver Ireland
Associate General Counsel
Legal Division
202 452-3625

RIN: 7100-AB25

38.

TITLE:

Regulation: D - Reserve Requirements of Depository Institutions
(Docket Number: R-0750)

LEGAL AUTHORITY:

12 USC 465

CFR CITATION:

12 CFR 204

ABSTRACT:

In February 1992, the Board approved issuing for public comment proposed amendments to Regulation D concerning reserve requirements. The proposed amendments include a proposal to double the carryover allowance for reserve balances to the larger of \$50,000 or 4 percent of the required reserves plus required clearing balances. This will provide institutions with more flexibility in managing reserves from one maintenance period to another. An additional proposal will shorten by two weeks the lag in counting vault cash toward required reserves in order to reduce the decline in required reserve balances early in the year.

On August 12, 1992, following review of the public comments, the Board adopted the amendments as proposed (Federal Register cite unavailable). It is not expected that the amendments will have a significant economic impact on a substantial number of small institutions.

TIMETABLE:

ACTION

DATE

FR CITE

Board approved requesting public comment	03/06/92	57 FR 8096
Board adopted proposals	08/12/92	

EFFECTS ON SMALL BUSINESS AND OTHER ENTITIES: None

AGENCY CONTACT:

Oliver Ireland
Associate General Counsel
Legal Division
202 452-3625

RIN: 7100-AB44

39.

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. 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, and would, in many cases, shorten the regulatory review process for bank holding companies that seek to engage in these activities. In April 1992, following review of public comments, the Board approved the amendment substantially as proposed (Federal Register cite unavailable).

TIMETABLE:

ACTION	DATE	FR CITE
Board issued proposal for comment	09/05/90	55 FR 36282
Board adopted proposal	04/22/92	

EFFECTS ON SMALL BUSINESS AND OTHER ENTITIES: None

AGENCY CONTACT:

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

RIN: 7100-AB09

40.

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. The Board proposed raising 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 non-full-payout or 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 adopted the amendment substantially as proposed (56 FR 20958, May 18, 1992). The Board also altered the existing authority for a bank holding company to engage in full-payout leasing transactions by permitting bank holding companies to engage in these transactions and rely for compensation of their full leasing costs, at the inception of the initial lease, on estimated residual values for the leased property of up to 25 percent of the acquisition cost of the property.

TIMETABLE:

ACTION	DATE	FR CITE
Board requested comment	06/01/90	55 FR 22348
Board adopted proposal	05/18/92	57 FR 20958

EFFECTS ON SMALL BUSINESS AND OTHER ENTITIES: None

AGENCY CONTACT:

Thomas M. Corsi
Senior Attorney
Legal Division
202 452-3275

RIN: 7100-AB12

41.

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. 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 approved the amendment substantially as proposed (57 FR 30387, July 9, 1992).

TIMETABLE:	ACTION	DATE	FR CITE
	Board approved proposal for comment	06/25/90	55 FR 25849
	Board adopted revision	07/09/92	57 FR 30387

EFFECTS ON SMALL BUSINESS AND OTHER ENTITIES: None

AGENCY CONTACT:

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RIN: 7100-AB13

42.

TITLE:

Regulation: Z - Truth in Lending (Docket Number: R-0743)

LEGAL AUTHORITY:

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

CFR CITATION:

12 CFR 226

ABSTRACT:

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. Following the Court's decision, the Board, in December 1991, issued for public comment revisions to Regulation Z relating to home equity lines of credit. The Board also proposed an amendment, unrelated to the Court decision, concerning a conflict between Regulation Z and section 22 of the Federal Reserve Act, dealing with loans to executive officers of member banks. In July 1992, following review of public comments, the Board adopted an amendment to Regulation Z that permits depository institutions to demand payment of a home equity line of credit extended to their executive officers when required by federal law (57 FR 34676, August 8, 1992). The Board did not change the rules on which comment was sought as a result of the lawsuit. 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 requested public comment	12/30/91	56 FR 67233
Board adopted amendments	08/06/92	57 FR 34676

EFFECTS ON SMALL BUSINESS AND OTHER ENTITIES: None**AGENCY CONTACT:**

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43.

TITLE:

Regulation: BB - Community Reinvestment

LEGAL AUTHORITY:

12 USC 2901 et seq

CFR CITATION:

12 CFR 228

ABSTRACT:

Section 402 of the Resolution Trust Corporation Refinancing, Restructuring, and Improvement Act amends the Community Reinvestment Act ("CRA") to specifically provide that an institution that donates, sells on favorable terms, or provides rent free branch facilities to women or minority owned institutions will receive favorable consideration in its CRA assessment by the regulatory agencies. Since the last Semiannual Agenda, this matter was dealt with by the issuance of new Community Reinvestment Act examination procedures by the federal supervisory agencies through the Federal Financial Institutions Examination Council (FFIEC). The procedures were released by the FFIEC on June 17, 1992. Since this provision simply directs examiners to give positive consideration for certain actions by financial institutions under CRA, the examination procedures are sufficient response to this statutory change and no further regulatory action is expected.

TIMETABLE:

ACTION

DATE

FR CITE

FFIEC released procedures

06/17/92

EFFECTS ON SMALL BUSINESS AND OTHER ENTITIES: None

AGENCY CONTACT:

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RIN: 7100-AB33

44.

TITLE:

Regulation: CC - Availability of Funds and Collection of Checks
(Docket Numbers: R-0744 and R-0745)

LEGAL AUTHORITY:

12 USC 4001 et seq

CFR CITATION:

12 CFR Part 229

ABSTRACT:

Section 225 of the Federal Deposit Insurance Corporation Improvement Act of 1991 (FDICIA) amended the Expedited Funds Availability Act to allow banks to extend holds on an exception basis, to certain "low-risk" checks and to allow one-time notices of exception holds in certain cases. In January 1992, the Board adopted conforming changes to Regulation CC on an interim basis and requested public comment on the interim rule (Docket No. R-0744) (57 FR 3277, January 29, 1992). Section 227 of the FDICIA made permanent the current availability schedules for deposits at nonproprietary ATMs and reaffirmed administration enforcement coverage over U.S. offices and branches of foreign banks. The Board requested comment on conforming changes to Regulation CC (Docket No. R-0745) (57 FR 3365, January 29, 1992). Following review of the public comments, the Board adopted the interim and proposed rules with technical and clarifying changes (57 FR 36593, August 14, 1992).

The final rules should not have a significant economic impact on a substantial number of small entities, but instead should decrease risk and cost for all depository institutions.

TIMETABLE:

ACTION

DATE

FR CITE

Board requested comment

01/29/92

57 FR 3365

Board adopted proposals

08/14/92

57 FR 36593

EFFECTS ON SMALL BUSINESS AND OTHER ENTITIES: None

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