

**FEDERAL RESERVE SYSTEM****Semiannual Regulatory Flexibility Agenda  
October 1, 1993 - April 1, 1994**

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**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 1993

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 October 1, 1993 through April 1, 1994. The next Semiannual Agenda will be published in April 1994.

**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 1993 Agenda as part of the October 1993 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

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Barbara R. Lowrey,  
Associate Secretary of the Board.

**Section 1**  
**Proposed Rule Stage**



1.

**TITLE:**

Regulation: C - Home Mortgage Disclosure

**LEGAL AUTHORITY:**

12 USC 2804

**CFR CITATION:**

12 CFR 203

**ABSTRACT:**

Regulation C implements the Home Mortgage Disclosure Act, which requires certain lenders to report information in connection with applications they receive for mortgage and other housing-related loans. One piece of data reported is the race or national origin of the applicant, according to certain categories specified in the regulation. The categories in Regulation C differ somewhat from those used by the U.S. Office of Management and Budget and other federal entities. Lenders submit the data to the federal banking regulators and, in the case of mortgage bankers, the U.S. Department of Housing and Urban Development. During the next six months the Board may consider whether to issue for public comment amendments to Regulation C that conform the racial categories to the federal standard.

The Board also may consider whether to propose technical revisions to the instructions that Regulation C provides to lenders for completing reporting form (HMDA-LAR), in order to facilitate the processing of the data by the Federal Financial Institutions Examination Council.

The revisions, if proposed and adopted, would be expected to have an economic impact on some portion of small lenders. (Only lenders with assets under \$10 million or that make fewer than 100 home purchase loans and mortgage refinancings are exempt from the reporting requirements of Regulation C.)

**TIMETABLE:**

**ACTION**

**DATE**

**FR CITE**

Board is expected to consider  
requesting comment by

04/00/94

**EFFECTS ON SMALL BUSINESS AND OTHER ENTITIES:** Yes

**AGENCY CONTACT:**

Leonard Chanin  
Managing Counsel  
Division of Consumer and Community Affairs  
202-452-3667

2.

**TITLE:**

Regulation: E - Electronic Fund Transfers

**LEGAL AUTHORITY:**

15 USC 1693 et seq "Electronic Fund Transfer Act"

**CFR CITATION:**

12 CFR 205

**ABSTRACT:**

The Board is conducting a review of Regulation E, which implements the Electronic Fund Transfer Act, and establishes the basic rights, liabilities, and responsibilities of consumers who use electronic fund transfer services and of financial institutions that offer these services (whether or not these institutions hold the consumer's account). The review will consider whether any provisions of the regulation are in need of updating, and whether any substantive changes are necessary because of technological and other developments. The Board will also consider whether to make any legislative recommendations for statutory changes. 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.

<b>TIMETABLE:</b>	<b>ACTION</b>	<b>DATE</b>	<b>FR CITE</b>
	Board may consider revisions by	11/00/93	

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

**AGENCY CONTACT:**

Dolores S. Smith  
Associate Director  
Division of Consumer and Community Affairs  
202 452-2412

**RIN:** 7100-AA77



3.

**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, the Board's staff consulted 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. The section 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. The Act generally exempts insured depository institutions from these requirements when their total assets are less than \$150 million, unless a higher threshold is chosen by the Federal Deposit Insurance Corporation (FDIC).

The FDIC has primary responsibility for implementing this mandate through regulations, and it issued a draft regulation for comment last year. The FDIC finalized its regulation in May 1993, which will apply to all FDIC-insured banks and thrifts.

The Board has joint rulemaking authority with the other banking agencies regarding the enforcement provisions of section 112. It is expected that the Board and the other agencies will request public comment by year-end on proposed regulations on these enforcement matters and on certain amendments to Regulations H and Y to address the FDIC implementing rule and guidelines.

**TIMETABLE:**

<b>ACTION</b>	<b>DATE</b>	<b>FR CITE</b>
Board may consider amendments to Regulations H and Y by	12/00/93	

**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

4.

**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 Board's staff consulted 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, 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 Federal Financial Institutions Examination Council has requested public comment on proposed reporting requirements and the comment period expired on June 14, 1993. By the end of the year the Board is expected to consider requesting comment on certain changes to its regulations in order to implement section 121.

<b>TIMETABLE:</b>	<b>ACTION</b>	<b>DATE</b>	<b>FR CITE</b>
	Board may consider amendments to	12/00/93	

Regulations H and Y by

**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



5.

**TITLE:**

Regulation: J - Collection of Checks and Other Items by Federal Reserve Banks and Funds Transfers Through Fedwire

**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 4001 to 4010

**CFR CITATION:**

12 CFR 210

**ABSTRACT:**

During the next two months, the Board will consider issuing for public comment proposed amendments to Regulation J to conform the warranties and various other provisions of Regulation J to recent amendments to Regulation CC (Availability of Funds and Collection of Checks) and the Uniform Commercial Code.

It is not expected that the proposed amendments would impose any substantial economic burden on small entities.

**TIMETABLE:**

**ACTION**

**DATE**

**FR CITE**

Board is expected to request comment by 10/00/93

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

**AGENCY CONTACT:**

Stephanie Martin  
Senior Attorney  
Legal Division  
202 452-3198



6.

**TITLE:**

Regulation: K - International Banking Operations

**LEGAL AUTHORITY:**

12 USC 3105

**CFR CITATION:**

12 CFR 211

**ABSTRACT:**

Within the next four months, the Board, in consultation with the Secretary of the Treasury, will consider action to implement a portion of section 202(a) of the Federal Deposit Insurance Corporation Improvement Act of 1991 with respect to 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. It is undetermined what economic impact this proposal would have on small institutions.

<b>TIMETABLE:</b>	<b>ACTION</b>	<b>DATE</b>	<b>FR CITE</b>
	Board will consider requesting comment by	12/00/93	

**EFFECTS ON SMALL BUSINESS AND OTHER ENTITIES:** Undetermined

**AGENCY CONTACT:**

Ann Misback  
Senior Attorney  
Legal Division  
202 452-3788

**RIN:** 7100-AB58

7.

**TITLE:**

Regulation: K - International Banking Operations

**LEGAL AUTHORITY:**

PL 102-242

**CFR CITATION:**

12 CFR 211, subpart B

**ABSTRACT:**

Within the next two months, the Board will consider action to implement a portion of section 203(a) of the Foreign Bank Supervision Enhancement Act of 1991 that provides that the cost of examinations of branches, agencies, and representative offices of foreign banks in the United States shall be assessed against the foreign bank or its parent. Public comment will be sought on proposed methodology for assessing examination costs. Foreign banks with branches, agencies, or representative offices in the United States will be affected by the proposal. The proposal is not expected to have a significant economic impact on a substantial number of small business entities.

**TIMETABLE:**

**ACTION**

**DATE**

**FR CITE**

Board will consider requesting comment by 10/00/93

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

**AGENCY CONTACT:**

Sandy Richardson  
Senior Attorney  
Legal Division  
202 452-6406

8.

**TITLE:**

Regulation: T - Credit by Brokers and Dealers (Docket 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. In August 1992, the Board approved a general request for comments to aid in its review (57 FR 37109, August 18, 1992). Following evaluation of the public comments, the Board will again seek comment on any regulatory proposals that may be developed. 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:**

<b>ACTION</b>	<b>DATE</b>	<b>FR CITE</b>
Board approved requesting comment	08/18/92	57 FR 37109
Further Board action expected by	10/00/93	

**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



9.

**TITLE:**

Regulation: U - Credit by Banks for the Purpose of Purchasing or Carrying Margin Stocks

**LEGAL AUTHORITY:**

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

**CFR CITATION:**

12 CFR 221

**ABSTRACT:**

During the first half of 1994, the Board plans to begin a review of Regulation U, which generally regulates bank extensions of credit that are secured by publicly-traded stock. 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 banking and securities markets. Public comment will be requested for any regulatory proposals that may be developed following the review. It is not anticipated that the revisions will have a significant economic impact on the overall lending activities of a substantial number of small banks.

<b>TIMETABLE:</b>	<b>ACTION</b>	<b>DATE</b>	<b>FR CITE</b>
	Board may issue advanced notice of proposed rulemaking and request for comment by	03/00/94	

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

**AGENCY CONTACT:**

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

10.

**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



11.

**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.

It is expected that the Board will seek public comment within the next two months on a proposal to implement section 232.

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**

Board action expected by

10/00/93

**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

**Section 2**  
**Final Rule Stage**

12.

**TITLE:**

Regulation: A - Extensions of Credit by Federal Reserve Banks  
(Docket Number: R-0808)

**LEGAL AUTHORITY:**

12 USC 347

12 USC 248

**CFR CITATION:**

12 CFR 201

**ABSTRACT:**

Section 142 of the Federal Deposit Insurance Corporation Improvement Act of 1991 (Federal Reserve Discount Window Advances) modifies the Federal Reserve Act by placing limitations on Federal Reserve Bank liquidity lending to undercapitalized and critically undercapitalized depository institutions. In August 1993, the Board approved issuing for public comment revisions to Regulation A to reflect these changes (58 FR 45851, August 31, 1993). The regulations will apply to extensions of credit to all depository institutions (both large and small). The regulation will limit credit to undercapitalized and critically undercapitalized depository institutions, including small depository institutions.

Following review of the public comments, the Board is expected to take further action by December 19, 1993.

**TIMETABLE:**

**ACTION**

**DATE**

**FR CITE**

Board approved requesting comment

08/31/93

58 FR 45851

Further Board action by

12/19/93

**EFFECTS ON SMALL BUSINESS AND OTHER ENTITIES:** Yes

**AGENCY CONTACT:**

Manley Williams-Stander

Legal Assistant

Legal Division

202 736-5565

**RIN:** 7100-AB56



13.

**TITLE:**

Regulation: B - Equal Credit Opportunity (Docket Number: R-0782)

**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 December 1992, the Board issued for public comment proposed revisions to Regulation B that would implement the ECOA amendments (57 FR 57697, December 7, 1992). The proposal is not expected to have a substantial economic impact on small banks. Following review of the public comments, the Board is expected to take further action within the next two months.

<b>TIMETABLE:</b>	<b>ACTION</b>	<b>DATE</b>	<b>FR CITE</b>
	Board requested comment	12/07/92	57 FR 57697
	Further Board action by	10/00/93	

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

**AGENCY CONTACT:**

Leonard Chanin  
Managing Counsel  
Division of Consumer and Community Affairs  
202 452-3667

**RIN:** 7100-AB34

14.

**TITLE:**

Regulation: E - Electronic Fund Transfers (Docket Number: R-0796)

**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. In February 1993, the Board issued for public comment a proposal that would apply Regulation E to electronic benefit transfer (EBT) programs established by federal, state, and local agencies to automate the delivery of government benefits to recipients (58 FR 8714, February 17, 1993). EBT programs involve such benefits as Aid to Families with Dependent Children, food stamps, and Supplemental Security Income. The proposal sets forth limited modifications in regard to period account statements, which would not be required if other conditions were met. (The Board's consideration of other revisions to the existing regulation, under its Regulatory Improvement Program, is discussed in RIN: 7100-AA77.) This proposal would affect primarily government agencies that administer EBT programs, and would affect only indirectly most depository institutions and other private-sector entities. It is not anticipated that the proposed revisions would have a significant economic impact on small banks. Following review of the public comments, the Board is expected to take further action during the next three months.

<b>TIMETABLE:</b>	<b>ACTION</b>	<b>DATE</b>	<b>FR CITE</b>
	Board requested public comment	02/17/93	58 FR 8714
	Further Board action by	11/00/93	

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

**AGENCY CONTACT:**

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

**RIN:** 7100-AB47



15.

**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-0803)

**LEGAL AUTHORITY:**

12 USC 3331 et seq

**CFR CITATION:**

12 CFR 225, Subpart G

**ABSTRACT:**

In June 1993, the Board and other federal financial regulatory agencies issued for public comment proposed amendments to their real estate appraisal regulations that would (1) increase the threshold level at or below which appraisals are not required from \$100,000 to \$250,000; (2) expand and clarify other existing exemptions to the appraisal regulations; and (3) identify additional exemptions. In addition, the proposal would amend or delete existing requirements governing appraisal standards and appraiser independence (58 FR 31878, June 4, 1993).

Previously, in November and December 1990, the Board had issued for public comment proposed amendments to the appraisal regulation to lower the threshold to conform to the level at that time of the other agencies (55 FR 49057, November 26, 1990) and to adopt a final rule requiring compliance with the Uniform Standards of Professional Appraisal Practice (USPAP) (55 FR 53609, December 31, 1990; RIN:7100-AB27). As a result of the other agencies conforming their thresholds to the Board's level, the Board took no further action on the November 1990 proposed amendments; the Board will take final action on the December 1990 USPAP proposal when the current proposal is finalized.

The current proposal is not expected to have a significant economic impact on a substantial number of small entities and, if adopted, is expected to result in reduced regulatory burden for some small entities. Following review of the public comments and coordination with the other agencies, the Board is expected to take further action within the next two months.

**TIMETABLE:**

<b>ACTION</b>	<b>DATE</b>	<b>FR CITE</b>
Board requested comment	11/26/90	55 FR 49057
Board requested comment on a revised proposal	06/04/93	58 FR 31878
Further Board action expected by	10/01/93	

**SMALL ENTITIES AFFECTED:** Yes

**AGENCY CONTACT:**

Christopher J. Bellini  
Attorney  
Legal Division  
202 452-3269

**RIN:** 7100-AB20



16.

**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. Action on the implementation of section 618(b) is expected within the next two months.

In December 1992, following review of the public comments, the Board adopted the modification regarding certain collateralized transactions in substantially the form proposed (57 FR 62180, December 30, 1992).

**TIMETABLE:**

ACTION	DATE	FR CITE
Board requested comment	04/20/92	57 FR 14362
Board adopted one of two modifications	12/30/92	57 FR 62180
Further Board action by	10/00/93	

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

**AGENCY CONTACT:**

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

**RIN:** 7100-AB53



17.

**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-0773)

**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:**

In August 1992, the Board approved several proposals to reduce burden that is associated with the process for seeking Board approval for a variety of transactions (57 FR 39641, September 1, 1992). In particular, the Board agreed 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 determined to invite comment on a proposal 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. 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.

**TIMETABLE:**

<b>ACTION</b>	<b>DATE</b>	<b>FR CITE</b>
Board requested public comment	09/01/92	57 FR 39641
Further Board action by	12/00/93	

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

**TITLE:**

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

**AGENCY CONTACT:**

Patrick J. McDivitt  
Attorney  
Legal Division  
202 452-3818

**RIN: 7100-AB55**



18.

**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-0795)

**LEGAL AUTHORITY:**

12 USC 1844(b)  
12 USC 3909

**CFR CITATION:**

12 CFR 208  
12 CFR 225

**ABSTRACT:**

In February 1993, the Board issued for public comment a proposed limitation on deferred tax assets for risk-based and leverage capital purposes (58 FR 8007, February 11, 1993). This proposal is in response to the adoption, by the Financial Accounting Standards Board, of Statement No. 109 (FASB 109) which provides new accounting guidance on deferred tax assets. This proposal will affect the treatment of these assets for capital purposes for all state member banks and bank holding companies regardless of size. However, it is not expected that the proposal will have a significant economic impact on a substantial number of small banking organizations, as the vast majority of small banking organizations currently have very limited amounts of net deferred tax assets as a component of their capital structures. Following review of the public comments and comments received by the other federal banking agencies on their proposals, the Board is expected to take further action by year-end.

<b>TIMETABLE:</b>	<b>ACTION</b>	<b>DATE</b>	<b>FR CITE</b>
	Board requested public comment	02/11/93	58 FR 8007
	Further Board action by	12/00/93	

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

**AGENCY CONTACT:**

Charles Holm  
Project Manager  
Division of Banking Supervision and Regulation  
202 452-3502

**RIN:** 7100-AB57



19.

**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 January 1993, following review of the public comments, the Board issued a final rule 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 (58 FR 6348, January 28, 1993). It is not expected that the final rule will have a significant economic impact on small institutions. The Board also requested additional public comment on those portions of the final rule that deal with representative offices of foreign banks. Comments were sought on the definition of representative office and on the standards that should govern the activities that a representative office may conduct. 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 issued an interim rule	04/15/92	57 FR 12992
Board issued a final rule and request for comment	01/28/93	58 FR 6348
Further Board action by	11/00/93	

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

**AGENCY CONTACT:**

Ann Misback  
Senior Attorney  
Legal Division  
202 452-3788

**RIN:** 7100-AB31

20.

**TITLE:**

Regulation: K - International Banking Operations (Docket Number: R-0793)

**LEGAL AUTHORITY:**

12 USC 3105  
12 USC 3108

**CFR CITATION:**

12 CFR 211

**ABSTRACT:**

In January 1993, the Board issued for public comment proposed amendments to Regulation K implementing section 202(a) of the Federal Deposit Insurance Corporation Improvement Act of 1991 (FDICIA) with respect to the limitation on the powers of state branches and agencies of foreign banks (58 FR 513, January 6, 1993). Following review of the public comments and in consultation with the FDIC, the Board is expected to take further action by year-end. It is not expected that a final rule would have a significant economic impact on small institutions.

<b>TIMETABLE:</b>	<b>ACTION</b>	<b>DATE</b>	<b>FR CITE</b>
	Board requested public comment	01/06/93	58 FR 513
	Further Board action by	12/00/93	

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

**AGENCY CONTACT:**

Ann Misback  
Senior Attorney  
Legal Division  
202 452-3788

**RIN:** 7100-AB46



21.

**TITLE:**

Regulation: O - Loans to Executive Officers, Directors, and Principal Shareholders of Member Banks (Docket Number: R-0800)

**LEGAL AUTHORITY:**

PL 102-242, sec 306(d)

**CFR CITATION:**

12 CFR 215

**ABSTRACT:**

In May 1992, the Board amended Regulation O to implement provisions of the Federal Deposit Insurance Corporation Act to permit smaller banks (deposits under \$100 million) to increase their aggregate insider lending limit from 100 percent to 200 percent of unimpaired capital and unimpaired surplus, for the one year period ending May 18, 1993. In May 1993, the Board approved extending the provision for six months, through November 18, 1993, and requesting additional comments on making the provision permanent, modifying or permitting it to expire. Following review of the public comments, the Board is expected to take further action by November 18, 1993. Although the rulemaking will apply to all banks with deposits under \$100 million, it should not have a significant economic impact on smaller banks.

**TIMETABLE:**

ACTION	DATE	FR CITE
Board extended provisions of Regulation O	05/14/93	58 FR 28492
Further Board action by	11/18/93	

**EFFECTS ON SMALL BUSINESS AND OTHER ENTITIES:** Yes

**AGENCY CONTACT:**

Gordon L. Miller  
Attorney  
Legal Division  
202 452-2534

22.

**TITLE:**

Regulation: O - Loans to Executive Officers, Directors, and Principal Shareholders of Member Banks (Docket Number: R-0809)

**LEGAL AUTHORITY:**

PL 102-242, sec 306 (2)

**CFR CITATION:**

12 CFR 215

**ABSTRACT:**

The Housing and Community Development Act of 1992 authorized the Board to adopt exceptions to the definition of "extension of credit" in section 22(h) of the Federal Reserve Act for transactions that pose minimal risk to the lending bank. On August 18, 1993, the Board approved requesting public comment on proposed amendments to Regulation O under this new authority (Federal Register cite unavailable). The proposed amendments would: (1) create an exception to the aggregate lending limit for the purchase of certain consumer installment paper; (2) modify the definition of "extension of credit" by (a) clarifying that the provision defining any transaction that has a "tangible economic benefit" to an insider as an extension of credit to the insider does not cover bona fide extensions of credit to third parties to finance acquisitions of property, goods, or services from insiders, (b) excluding from the definition the discount of obligations sold by an insider to the bank without recourse, and (c) increasing from \$5,000 to \$15,000 the threshold for considering credit card plan debt to be an extension of credit. The proposed amendments would also modify the recordkeeping requirements of Regulation O to allow banks greater latitude in devising procedures to ensure compliance with the regulation. Because the proposal will reduce regulatory and recordkeeping burdens on all banks, it is not expected to have an adverse economic impact on small banks. Following review of the public comments, the Board is expected to take further action by year-end.

<b>TIMETABLE:</b>	<b>ACTION</b>	<b>DATE</b>	<b>FR CITE</b>
	Board approved requesting public comment on proposed amendments	08/18/93	
	Further Board action by	12/00/93	

**EFFECTS ON SMALL BUSINESS AND OTHER ENTITIES:** Yes

**AGENCY CONTACT:**

Gordon L. Miller  
Attorney  
Legal Division  
202 452-2534



23.

**TITLE:**

Regulation: S - Reimbursement for Providing Financial Records;  
Recordkeeping Requirements for Certain Financial Records (Docket  
Number: R-0807)

**LEGAL AUTHORITY:**

PL 102-550

**CFR CITATION:**

12 CFR 219, Subpart B

**ABSTRACT:**

On August 18, 1993, the Board approved issuing for public comment a proposed joint regulation, promulgated by the Board and the Treasury Department pursuant to section 21(b) of the Federal Deposit Insurance Act, as amended by the Annunzio-Wylie Anti-Money Laundering Act of 1992 (58 FR 46024, August 31, 1993). The proposed regulation would establish recordkeeping requirements for wire transfers by all financial institutions--including nonbank financial institutions, such as broker/dealers in securities, check-cashing businesses, money transmitting businesses, and businesses that issue or redeem money orders or travelers' checks.

This proposal may have a significant economic impact on a substantial number of small businesses that provide check-cashing services, money-transmitting services, and services concerning the issuance or redemption of money orders and travelers' checks, because such businesses may not currently collect or maintain the information required.

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

**TIMETABLE:**

<b>ACTION</b>	<b>DATE</b>	<b>FR CITE</b>
Board approved requesting comment	08/31/93	58 FR 46024
Further Board action by	11/00/93	

**EFFECTS ON SMALL BUSINESS AND OTHER ENTITIES:** Yes

**AGENCY CONTACT:**

Elaine Boutilier  
Senior Attorney  
Legal Division  
202 452-2418

24.

**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.

<b>TIMETABLE:</b>	<b>ACTION</b>	<b>DATE</b>	<b>FR CITE</b>
	Board approved proposal for comment	02/27/90	55 FR 6787
	Further Board action by	11/00/93	

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

**AGENCY CONTACT:**

Robert Frierson  
Managing Senior Counsel  
Legal Division  
202 452-3711

**RIN:** 7100-AB07



25.

**TITLE:**

Regulation: DD - Truth in Savings

**LEGAL AUTHORITY:**

12 USC 4301 et seq

**CFR CITATION:**

12 CFR 230

**ABSTRACT:**

Sections 261-275 of the Federal Deposit Insurance Corporation Improvement Act of 1991 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.

On July 14, 1993, the Board approved issuing for public comment proposed amendments to Regulation DD regarding the calculation of the annual percentage yield (APY) (Federal Register cite unavailable). The proposal would require institutions to use a new formula to calculate the APY for accounts where consumers receive interest payments (by check or transfer to another account) more frequently than interest is compounded. The formula would also be used if interest is not compounded but the consumer receives interest periodically during the term of the account. The amendments will apply to both large and small institutions. The economic impact on small institutions will depend upon the variety of deposit products offered, the extent of the disclosures and the options for compliance offered by the final rule.

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

<b>TIMETABLE:</b>	<b>ACTION</b>	<b>DATE</b>	<b>FR CITE</b>
	Board approved requesting comment on	7/14/93	
	Board is expected to take further action by	12/00/93	

**EFFECTS ON SMALL BUSINESS AND OTHER ENTITIES:** Yes

**AGENCY CONTACT:**

Leonard Chanin  
Managing Counsel  
Division of Consumer and Community Affairs  
202 452-3667

26.

**TITLE:**

Regulation: EE - Netting Eligibility for Financial Institutions  
(Docket Number: R-0801)

**LEGAL AUTHORITY:**

12 USC 4402(1)(B)  
12 USC 4402(9)

**CFR CITATION:**

12 CFR 231

**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.

In May 1993, the Board requested public comment on the expansion of the "financial institution" definition to include entities not covered by FDICIA (58 FR 29149, May 19, 1993). 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.

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

<b>TIMETABLE:</b>	<b>ACTION</b>	<b>DATE</b>	<b>FR CITE</b>
	Board requested comment	05/19/93	58 FR 29149
	Further Board action by	11/00/93	

**EFFECTS ON SMALL BUSINESS AND OTHER ENTITIES:** Yes

**AGENCY CONTACT:**

Stephanie Martin  
Senior Attorney  
Legal Division  
202 452-3198

**RIN:** 7100-AB35



27.

**TITLE:**

Federal Reserve Bank Services (Docket Number: R-0778)

**LEGAL AUTHORITY:**

12 USC 248(i)  
12 USC 240(j)  
12 USC 248(o)  
12 USC 342  
12 USC 464

**CFR CITATION:**

00 CFR None

**ABSTRACT:**

In October 1992, the Board requested comment on a proposal to change the opening time for the Fedwire funds transfer service from 8:30 a.m. Eastern Time (ET) to 6:30 a.m. ET (57 FR 47080, October 14, 1992). The earlier opening time would facilitate changes to the settlement practices of the futures and options markets that would reduce risks in those markets, and it would also permit a reduction in the risk associated with the settlement of foreign exchange transactions.

The Board also requested comment on whether the Fedwire securities transfer service should open concurrently with the funds service at 6:30 a.m. ET and on the costs and benefits of extended Fedwire hours for depository institutions, their customers, and the financial markets.

In July 1993, the Board announced a delay in final action on the proposal pending a staff study further analyzing the complex issues raised by commenters (58 FR 40430, July 28, 1993). The Board is expected to take further action by February 1994. Small entities should not be affected by this proposal, because they would be unlikely to choose to open their Fedwire operations earlier in the morning and would not incur increased costs.

**TIMETABLE:**

ACTION	DATE	FR CITE
Board requested public comment	10/14/92	57 FR 47080
Board announced delay pending study	07/28/93	58 FR 40430
Further Board action by	02/00/94	

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

**AGENCY CONTACT:**

Gayle Brett  
Manager  
Division of Reserve Bank Operations and Payment Systems  
202 452-2934

**RIN:** 7100-AB61

28.

**TITLE:**

Payments System Risk Reduction Program - Policy Statement  
(Docket Number: R-0806)

**LEGAL AUTHORITY:**

12 USC 221 et seq

**CFR CITATION:**

None

**ABSTRACT:**

The Board's payments system risk policy requires depository institutions to establish a maximum limit, or net debit cap, on daylight overdrafts in their Federal Reserve accounts. Institutions that incur a significant amount of daylight overdrafts must use a self-assessment process to establish their caps. On August 4, 1993, the Board approved requesting public comment on revisions to the self-assessment procedures, as they are set out in the Board's Guide to the Payments System Risk Policy, to reduce the burden of conducting a self-assessment and to expand the assessment to cover operating controls and contingency procedures (58 FR 44677, August 24, 1993). This proposal would not have a significant economic impact on small depository institutions because those institutions generally do not incur significant daylight overdrafts or perform self-assessment. Following review of the public comments, the Board is expected to take further action by year-end.

<b>TIMETABLE:</b>	<b>ACTION</b>	<b>DATE</b>	<b>FR CITE</b>
	Board approved requesting comment	08/24/93	58 FR 44677
	Further Board action by	01/00/94	

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

**AGENCY CONTACT:**

Paul Bettge  
Manager  
Division of Reserve Bank Operations  
and Payment Systems  
202 452-3174



29.

**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, the Board requested comment on a proposed change to its policy on payments system risk to assess a penalty fee on the maximum daily daylight overdraft incurred by certain institutions without regular discount window access. The Board proposed that the penalty rate be the same as the current penalty rate for overnight overdrafts.

On August 11, 1993, following review of the public comments, the Board approved a structure under which Reserve Banks would assess a penalty fee for the average daily daylight overdrafts incurred by institutions without regular discount window access, specifically bankers' banks that do not maintain reserves, Edge and agreement corporations, and limited-purpose trust companies (58 FR 44672, August 24, 1993). The Board determined to seek further comment on the size of the daylight overdraft penalty rate. The Board proposes that the rate equal the overnight penalty rate plus the federal funds rate, adjusted to take account of the Fedwire operating day.

It is not expected that this action will have a significant economic impact on a substantial number of small entities. The action will affect only a small subset of payments system participants, who are generally large entities. Following review of the public comments, the Board is expected to take further action by year-end.

**TIMETABLE:**

<b>ACTION</b>	<b>DATE</b>	<b>FR CITE</b>
Board requested comment	05/31/90	55 FR 22086
Board adopted proposal in part and requested public comment	08/24/93	58 FR 44672
Further Board action by	12/00/93	

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

**AGENCY CONTACT:**

Stephanie Martin  
Senior Attorney  
Legal Division  
202 452-3198

**RIN:** 7100-AB17



30.

**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 federal banking agency 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 (IRR), concentration of credit risk, and the risks of nontraditional activities.

In August 1992, the federal banking agencies issued jointly for public comment an advanced notice of proposed rulemaking (ANPR) for each of these risks. The IRR proposal described a supervisory risk measure, and would have required additional reporting by all commercial banks and imposed additional capital requirements on banks identified as having risk beyond a threshold level. For nontraditional and concentration risk, the ANPR simply requested comments about how the Board might proceed.

On March 31, 1993, following a review of the comments and after staff discussions with the other agencies, the Board approved for comment a notice of proposed rulemaking for IRR. This proposal would allow institutions to use internal risk models to measure IRR (if the models are acceptable to examiners) and would (cont) require additional capital of institutions identified as having excess IRR. Also, in an effort to reduce the burden on small institutions, the proposal would exempt an estimated 8,000 institutions from any additional reporting.

The Board also approved for comment proposals regarding nontraditional and concentration risks that provide bankers and examiners substantial flexibility to evaluate these risks. The proposals will be issued jointly for public comment, following review by the other banking agencies. Following the public comment period, final action on the proposals is expected by year-end.

<b>TIMETABLE:</b>	<b>ACTION</b>	<b>DATE</b>	<b>FR CITE</b>
	Board requested public comment on an ANPR	08/10/92	57 FR 35507
	Board approved requesting comment on proposed rulemaking	03/31/93	
	Final Board action expected by	12/00/93	

**EFFECTS ON SMALL BUSINESS AND OTHER ENTITIES:** Yes



**TITLE:**

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

**AGENCY CONTACT:**

James Embersit

Manager

Division of Banking Supervision and Regulation

202 452-5249

**RIN: 7100-AB50**

31.

**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 directs each Federal banking agency to prescribe standards regarding operations, management, asset quality, earnings, stock valuation (to the extent feasible), and employee compensation. In July 1992, the Board requested public comment on an interagency advance notice of proposed rulemaking (57 FR 31336, July 15, 1992). After considering the public's comments, a notice of proposed rulemaking was developed that contains broad principle-based standards that leave the method for meeting such standards largely in the province of management. The proposed standards are specific enough to identify emerging safety and soundness problems and require submission of a compliance plan before those problems become serious; however, the standards do not specify each operational and managerial procedure an institution must have in place. The Board believes that well-managed institutions generally should not find it necessary to amend their operations in order to comply with the operational and managerial standards.

A draft notice of proposed rulemaking was approved by the Board on April 21, 1993, and a similar version was approved by the Federal Deposit Insurance Corporation in early June. An interagency notice is expected to be published in the Federal Register after the Office of Thrift Supervision and the Office of the Comptroller of the Currency have completed their approval processes. The proposal is not expected to impose a significant economic hardship on small institutions.

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

<b>TIMETABLE:</b>	<b>ACTION</b>	<b>DATE</b>	<b>FR CITE</b>
	Board requested public comment	07/15/92	57 FR 31336
	Board approved a notice of proposed rulemaking	04/21/93	
	Further Board action by	12/00/93	

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

**AGENCY CONTACT:**

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

**RIN:** 7100-AB52



**Section 3**  
**Completed Section**

32.

**TITLE:**

Regulation: H - Membership of State Banking Institutions in the Federal Reserve; Reg.: K - International Banking Operations; and Reg.: Y - Bank Holding Companies (Docket Number: R-0792)

**LEGAL AUTHORITY:**

12 USC 248(a)(1)  
12 USC 625  
12 USC 1818  
12 USC 1844(c)  
12 USC 3105(b)(2)  
12 USC 3106(a)  
12 USC 3108(a)  
12 USC 3401 to 3422

**CFR CITATION:**

12 CFR 208.20  
12 CFR 211.8  
12 CFR 225.4(g)

**ABSTRACT:**

In January 1993, an interagency task force of the federal financial institutions regulatory agencies designed a uniform interagency criminal referral form to facilitate compliance with financial institutions' criminal activity reporting requirements, to enhance law enforcement agencies' ability to investigate and prosecute the matters reported in the criminal referrals, and to develop and maintain a new interagency database. This uniform criminal referral form will replace the various criminal referral forms that are currently being used by financial institutions. The purpose of the rule, which was issued for public comment, is to create a uniform, criminal referral reporting requirement for all domestic and foreign financial institutions operating in the United States. The proposal would codify existing Board policy and procedures and would not impose any additional regulatory burden. On May 26, 1992, following review of the public comments, the Board adopted the proposal in substantially the form proposed (Federal Register cite unavailable).

**TIMETABLE:**

ACTION	DATE	FR CITE
Board requested public comment	01/08/93	58 FR 3235
Board adopted the proposal	05/26/93	

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

**AGENCY CONTACT:**

Herbert A. Biern  
Deputy Associate Director  
Division of Banking Supervision and Regulation  
202 452-2620

**RIN:** 7100-AB60



33.

**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.

In June 1993, the Board, along with the other federal financial institutions regulatory agencies, proposed for public comment amendments to the agencies' regulations regarding appraisals of real estate including alternatives for satisfying the statutory requirement to publish appraisal standards applicable to federally related transactions (58 FR 31877, June 4, 1993; Docket Number: R-0803).

**TIMETABLE:**

ACTION	DATE	FR CITE
Board requested public comment	12/31/90	55 FR 53609
Board incorporated proposal into a new proposed rulemaking	06/04/93	58 FR 31877

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

**AGENCY CONTACT:**

Christopher J. Bellini  
Attorney  
Legal Division  
202 452-3269

**RIN:** 7100 AB27



34.

**TITLE:**

Regulation: H - Membership of State Banking Institutions in the Federal Reserve System; and Regulation: Y - Banking Holding Companies and Change in Bank Control (Docket Number: R-0787)

**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 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, the Board, in December 1992, adopted an interim rule, with request for comment, amending the Board's risk-based capital guidelines to lower the risk weight for these assets and, thereby, implement the statutory requirement. In May 1993, following review of the public comments, the Board adopted the interim rule as a final rule in substantially the form proposed (58 FR 28491, May 14, 1993).

It is not anticipated that the 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.

<b>TIMETABLE:</b>	<b>ACTION</b>	<b>DATE</b>	<b>FR CITE</b>
	FFIEC issued proposed changes to Call Report	02/03/92	57 FR 4027
	Board adopted interim rule	12/22/92	57 FR 62177
	Board adopted final rule	05/14/93	58 FR 28491

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



**TITLE:**

Regulation: H - Membership of State Banking Institutions in the  
Federal Reserve System; and Regulation: Y - Banking Holding  
Companies and Change in Bank Control (Docket Number: R-0787)

**AGENCY CONTACT:**

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

**RIN: 7100-AB49**

35.

**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:**

In the April 1993 Agenda, the Board stated that it would 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 was 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.

In June 1993, the Board, along with the other federal financial institutions regulatory agencies, proposed for public comment amendments to the agencies' regulations regarding appraisals of real estate including the above proposals (58 FR 31877, June 4, 1993; Docket Number: R-0803).

<b>TIMETABLE:</b>	<b>ACTION</b>	<b>DATE</b>	<b>FR CITE</b>
	Board incorporated proposal into a new proposed rulemaking	06/04/93	58 FR 31877

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

**AGENCY CONTACT:**

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

**RIN:** 7100-AB51



36.

**TITLE:**

Regulation: O - Loans to Executive Officers, Directors, and Principal Shareholders of Member Banks (Docket Number: R-0785)

**LEGAL AUTHORITY:**

PL 102-550, sec 955

**CFR CITATION:**

12 CFR Part 215

**ABSTRACT:**

In December 1992, the Board issued for public comment a proposal to exempt three categories of collateralized loans from the aggregate insider lending limit under Regulation O and section 22(h) of the Federal Reserve Act. The exemptions are based on minimal risk of loss to the lending institution. The Board requested comments on these and other similar categories that might be exempted. The purpose of the exemptions is to make the aggregate insider lending limit more consistent with the single borrower lending limit, which contains the proposed exemptions and additional exemptions as well. In April 1993, the Board, after reviewing public comments, adopted the three exemptions with modifications (58 FR 26507, May 4, 1993).

It is expected that the final rule will reduce the regulatory and recordkeeping burden on banks and increase the ability of banks to make loans and other extensions of credit that pose little or no risk to the bank.

**TIMETABLE:**

ACTION	DATE	FR CITE
Board requested public comment	12/23/92	57 FR 61016
Board adopted the proposal	05/04/93	58 FR 26507

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

**AGENCY CONTACT:**

Gordon L. Miller  
Attorney  
Legal Division  
202 452-2534

**RIN:** 7100-AB59

37.

**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 is not expected to take action on this matter during the next six months.



**TITLE:**

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

**TIMETABLE:**

<b>ACTION</b>	<b>DATE</b>	<b>FR CITE</b>
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
Board action not expected during next six months	08/00/93	

**EFFECTS ON SMALL BUSINESS AND OTHER ENTITIES: Yes**

**AGENCY CONTACT:**

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Associate General Counsel  
Legal Division  
202 452-3583

**RIN: 7100-AA41**

38.

**TITLE:**

Proposals to Modify the Payments System Risk Reduction Program;  
ACH Finality (Docket Number: R-0661)

**LEGAL AUTHORITY:**

12 USC 221 et seq

**CFR CITATION:**

00 CFR None

**ABSTRACT:**

In March 1989, the Board requested public comment on proposals regarding the finality accorded automated clearing house (ACH) credit and debit transactions processed by Federal Reserve Banks (54 FR 8822, March 2, 1989). Since the Board's proposal, there have been significant changes in the ACH operating environment, such as the Federal Reserve's all-electronic ACH policy. Consequently, the Board has delayed taking final action on the ACH finality proposals while the ACH operating environment evolves. Any further action in this area will come only after further request for public comment.

**TIMETABLE:**

<b>ACTION</b>	<b>DATE</b>	<b>FR CITE</b>
Board requested comment	03/02/89	54 FR 8822
Action on this proposal is not expected during next six months	08/00/93	

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

**AGENCY CONTACT:**

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**RIN:** 7100-AA76



## NOTICE

### **BOARD OF GOVERNORS' SEMIANNUAL REGULATORY FLEXIBILITY AGENDA**

**October 1, 1993 - April 1, 1994**

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 certain regulations or regulatory amendments can also 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 1993

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