

FEDERAL RESERVE SYSTEM

Semiannual Regulatory Flexibility Agenda April 1, 1994 - October 1, 1994

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
March 1994

February 25, 1994

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 April 1 through October 1, 1994. The next Semiannual Agenda will be published in October 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 April 1994 Agenda as part of the April 1994 Unified Agenda of Federal Regulations, which is coordinated by the Office of Management and Budget under Executive Order 12866. 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.

AT 10700

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 two months the Board is expected 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:

John Wood
 Senior Attorney
 Division of Consumer and Community Affairs
 202-452-2412

RIN: 7100-AB63

2.

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, the agency with primary responsibility for implementing this mandate through regulations, finalized its regulation in May 1993, which will apply to all FDIC-insured banks and thrifts. The FDIC, as well as the Board, issued implementing examiner guidelines in October 1993 and January 1994, respectively.

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 mid-year on proposed regulations on these enforcement matters.

TIMETABLE:

ACTION	DATE	FR CITE
Board may consider amendments to Regulations H and Y by	06/00/94	

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

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 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 (FFIEC) has requested public comment on proposed reporting requirements, and the comment period expired on June 14, 1993. Following final action by the FFIEC, the Board is expected to consider requesting comment on certain changes to its regulations in order to implement section 121.

TIMETABLE:	ACTION	DATE	FR CITE
	Board may consider amendments to Regulations H and Y by	06/00/94	

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

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 221 et seq
12 USC 1841 et seq
12 USC 3901 et seq

CFR CITATION:

12 CFR 208
12 CFR 225

ABSTRACT:

On December 16, 1993, acting upon a recommendation from the Federal Financial Institutions Examination Council, the Board approved issuing for public comment proposals on the capital treatment of recourse arrangements and direct credit substitutes. The proposal 1) formally defines recourse and direct credit substitutes, 2) reduces the risk-based capital charge for low-level recourse arrangements to the maximum amount of possible loss under the recourse obligation up to the effective capital charge, and 3) requires the same risk-based capital charge for first loss direct credit substitutes as is currently applied to recourse transactions. The proposals are expected to be issued for public comment on a joint interagency basis in the first quarter of 1994.

The proposal would seek preliminary public comment on an approach to assessing risk-based capital on banking organizations' risk exposures associated with certain asset securitizations. Under this approach, the capital charge would be based upon the relative risk of loss of the exposure. The capital charge that banking organizations would incur on first loss positions would be dollar-for-dollar up to the position's effective risk-based capital requirement. Second loss positions that are rated investment grade would be assessed capital against the amount of the position, rather than against the amount of assets for which the position is providing credit protection. Senior securities that receive the highest investment rating would be assigned to the 20 percent risk category.

Small entities would be affected only to the extent that they engage in extending recourse arrangements or direct credit substitutes; it is not expected that the proposal would have a significant economic impact. Following review of the public comments, the Board is expected to take further action by year-end.

TIMETABLE:

ACTION	DATE	FR CITE
Board approved requesting comment	12/16/93	
Further Board action by	12/00/94	

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:

Thomas R. Boemio
Supervisory Financial Analyst
Division of Banking Supervision and Regulation
202-452-2982

5.

TITLE:

Regulation: K - International Banking Operations

LEGAL AUTHORITY:

12 USC 3105

CFR CITATION:

12 CFR 211

ABSTRACT:

Within the next five 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.

TIMETABLE:**ACTION****DATE****FR CITE**

Board will consider requesting
comment by

07/00/94

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

Ann Misback
Senior Attorney
Legal Division
202 452-3788

RIN: 7100-AB58

6.

TITLE:

Regulation: M - Consumer Leasing (Docket Number: R-0815)

LEGAL AUTHORITY:

15 USC 1604

CFR CITATION:

12 CFR 213

ABSTRACT:

The Board is proposing to undertake a complete review of Regulation M, under the Board's Regulatory Planning and Review Program. The Program calls for the periodic review of Board regulations to determine whether a regulation should be eliminated, simplified, updated, or otherwise revised. To gather information needed for this review, and to ensure the participation of interested parties at the beginning of the process, the Board in November 1993, approved issuing for public comment an advance notice of the proposed rulemaking, soliciting comment, generally, on revisions to the regulation, while also soliciting comment on specific issues dealing with early termination penalties, advertising, and segregation of disclosure terms from other information (58 FR 61035, November 19, 1993). The comment period, originally scheduled to end on January 24, has been extended to February 24, 1994. Following review of the public comments, the Board will decide by mid-year whether to pursue proposed revisions to the regulation.

TIMETABLE:

ACTION	DATE	FR CITE
Board approved requesting comment	11/19/93	58 FR 61035
Further Board action by	06/00/94	

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

Adrienne D. Hurt
 Managing Counsel - Financial Services Section
 Division of Consumer and Community Affairs
 202-452-2412

7.

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:

ACTION	DATE	FR CITE
Board approved requesting comment	08/18/92	57 FR 37109
Further Board action expected by	06/00/94	

EFFECTS ON SMALL BUSINESS AND OTHER ENTITIES: None

AGENCY CONTACT:

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

RIN: 7100-AB28

8.

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.

TIMETABLE:

ACTION	DATE	FR CITE
Board may issue advanced notice of proposed rulemaking and request for comment by	07/00/94	

EFFECTS ON SMALL BUSINESS AND OTHER ENTITIES: None

AGENCY CONTACT:

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

RIN: 7100-AB65

9.

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

10.

TITLE:

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

LEGAL AUTHORITY:

12 USC 1972(1)

CFR CITATION:

12 CFR 225

ABSTRACT:

Section 106(b) of the Bank Holding Company Act Amendments of 1970 generally prohibits banks from fixing or varying the consideration for a product or service on condition that the customer purchases another product or service offered by the bank or any of its affiliates. Section 106 provides an exemption to this tying prohibition if the customer also obtains a loan, discount, deposit, or trust service ("traditional bank products") from that bank (but not an affiliate of that bank). The statute further provides that the Board may, by regulation or order, permit exceptions from the antitying prohibition where the Board determines that an exception will not be contrary to the purposes of the section. The Board recently approved an exemption for a brokerage subsidiary of the First Union bank to offer discounts on commissions for brokerage services to customers who maintain a minimum balance in accounts at any First Union bank. First Union Corporation, 80 Federal Reserve Bulletin 166 (1994). Within the next three months, the Board will consider issuing for public comment a proposed rule to make this exemption available to all bank holding companies. The proposed regulation will not have a significant economic impact on a substantial number of small entities that would be subject to the proposed rule.

TIMETABLE:	ACTION	DATE	FR CITE
	Board is expected to request comment by	05/00/94	

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

Robert Frierson
 Managing Senior Counsel
 Legal Division
 202-452-3711

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 by year-end 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

12/00/94

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

At 10700

Section 2
Final Rule Stage

12.

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 is part of the Board's Regulatory Planning and Review Program which provides for the periodic review of Board regulations to determine whether a regulation should be eliminated, simplified, updated or otherwise revised.

On February 16, 1994, the Board approved issuing for public comment a revised Regulation E that includes, among other things, simplified language and format (Federal Register cite unavailable). As part of the proposal, the scope of several exemptions would be expanded. A small institution exemption would apply to institutions with assets under \$100,000; currently the exemption applies to institutions with assets under \$25,000. Also under the proposal, the staff commentary to Regulation E would be significantly improved to facilitate compliance. As a whole, the proposed changes to Regulation E would likely reduce regulatory burden within the limits of a very specific statute, without sacrificing consumer benefits. The proposals are not expected to have a significant economic impact on small institutions. Following review of the public comments, the Board is expected to take further action by year-end.

TIMETABLE:	ACTION	DATE	FR CITE
	Board approved requesting comment	02/16/94	
	Further Board action by	12/00/94	

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

Adrienne D. Hurt
 Managing Counsel - Financial Services Section
 Division of Consumer and Community Affairs
 202 452-2412

RIN: 7100-AA77

13.

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.

In November 1993, the agencies made available supplemental information on the proposed rule and extended the comment period for thirty days in order to allow commenters to consider and comment on the information (58 FR 59688, November 10, 1993). The supplemental information related primarily to the proposed increase in the threshold.

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:

ACTION	DATE	FR CITE
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	04/00/94	

SMALL ENTITIES AFFECTED: Yes

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)

AGENCY CONTACT:

Virginia Gibbs
Supervisory Financial Analyst
Division of Banking Supervision and Regulation
202 452-2521

RIN: 7100-AB20

14.

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 within the next six months.

TIMETABLE:

ACTION	DATE	FR CITE
Board requested public comment	09/01/92	57 FR 39641
Further Board action by	08/00/94	

EFFECTS ON SMALL BUSINESS AND OTHER ENTITIES: None

AT 10700

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

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-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 within the next two months.

TIMETABLE:

ACTION	DATE	FR CITE
Board requested public comment	02/11/93	58 FR 8007
Further Board action by	05/00/94	

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

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-0823)

LEGAL AUTHORITY:

12 USC 221 et seq
12 USC 1841 et seq
12 USC 3901 et seq

CFR CITATION:

12 CFR Part 208
12 CFR Part 225

ABSTRACT:

On May 31, 1993, the Financial Accounting Standards Board issued a new accounting standard, FASB Statement Number 115, "Accounting for Certain Investments in Debt and Equity Securities," which, in essence, adds a new component to common stockholders' equity, "net unrealized holding gains and losses on securities available for sale." In August 1993, the Board approved the adoption of FASB 115 for reporting purposes. In December 1993, the Board approved issuing for public comment a proposal to amend its risk-based and leverage capital guidelines (Regulations H and Y) to include "net unrealized gains and losses on securities available for sale" in Tier 1 capital (58 FR 68563, December 28, 1993). The amendment to the risk-based capital and leverage guidelines will affect bank holding companies with total consolidated assets of \$150 million or more and all State member banks. The proposal is not expected to 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 four months.

TIMETABLE:

ACTION

DATE

FR CITE

Board requested public comment		12/28/93	58 FR 68563
Further Board action expected by		06/00/94	

EFFECTS ON SMALL BUSINESS AND OTHER ENTITIES: None

AGENCY CONTACT:

Arleen Lustig
Supervisory Financial Analyst
Division of Banking Supervision and Regulation
202-452-2987

17.

TITLE:

Regulation: J - Collection of Checks and Other Items by Federal Reserve Banks and Funds Transfers Through Fedwire (Docket Number: R-0821)

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:

In December 1993, the Board approved 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 (58 FR 68566, December 28, 1993). 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 proposed amendments would impose any substantial economic burden on small entities.

TIMETABLE:	ACTION	DATE	FR CITE
	Board requested comment	12/28/83	58 FR 68566
	Further Board action by	04/00/94	

EFFECTS ON SMALL BUSINESS AND OTHER ENTITIES: None

AGENCY CONTACT:

Stephanie Martin
 Senior Attorney
 Legal Division
 202 452-3198

RIN: 7100-AB66

18.

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 five 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	07/00/94	

EFFECTS ON SMALL BUSINESS AND OTHER ENTITIES: None

AGENCY CONTACT:

Ann Misback
Senior Attorney
Legal Division
202 452-3788

RIN: 7100-AB31

19.

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 midyear. It is not expected that a final rule would have a significant economic impact on small institutions.

TIMETABLE:

ACTION	DATE	FR CITE
Board requested public comment	01/06/93	58 FR 513
Further Board action by	07/00/94	

EFFECTS ON SMALL BUSINESS AND OTHER ENTITIES: None

AGENCY CONTACT:

Ann Misback
Senior Attorney
Legal Division
202 452-3788

RIN: 7100-AB46

20.

TITLE:

Regulation: K - International Banking Operations (Docker Number: R-0820)

LEGAL AUTHORITY:

PL 102-242

CFR CITATION:

12 CFR 211, subpart B

ABSTRACT:

Section 203(a) of the Foreign Bank Supervision Enhancement Act of 1991 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. In October 1993, the Board approved issuing for public comment a proposed methodology for assessing such examination costs (58 FR 65560, December 15, 1993). 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. Following review of the public comments, the Board is expected to take further action by year-end.

TIMETABLE:

ACTION

DATE

FR CITE

Board requested public comment

12/15/93

58 FR 65560

Further Board action by

12/00/94

EFFECTS ON SMALL BUSINESS AND OTHER ENTITIES: None

AGENCY CONTACT:

Sandy Richardson
Senior Attorney
Legal Division
202 452-6406

RIN: 7100-AB67

21.

TITLE:

Regulation: L - Depository Institution Management Interlocks
(Docket Number: R-0825)

LEGAL AUTHORITY:

12 USC 3207

CFR CITATION:

12 CFR 212

ABSTRACT:

Regulation L implements provisions of the Depository Institution Management Interlock Act ("DIMIA"), which regulates management interlocks among depository institutions. Among DIMIA's prohibitions are provisions barring management interlocks between depository organizations with offices in the same community or metropolitan statistical area ("MSA"). In November 1993, the Board approved soliciting comment on an amendment to Regulation L that would permit interlocks otherwise prohibited under the community or MSA provisions if the institutions involved hold in the aggregate less than 20 percent of the deposits in the community or MSA (59 FR 7909, February 17, 1994). The amendment should benefit smaller organizations by giving them access to a larger pool of potential management officials. It is not expected that the proposal will have a significant economic impact on a substantial number of depository institutions. 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

02/17/94

59 FR 7909

Further Board action by

08/00/94

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

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

22.

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 and review by the Department of the Treasury's Bank Secrecy Act Advisory Group, the Board is expected to take further action during the second half of 1994.

TIMETABLE:	ACTION	DATE	FR CITE
	Board approved requesting comment	08/31/93	58 FR 46024
	Further Board action by	12/00/94	

EFFECTS ON SMALL BUSINESS AND OTHER ENTITIES: Yes

AGENCY CONTACT:

Elaine Boutilier
Senior Attorney
Legal Division
202 452-2418

RIN: 7100-AB64

23.

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 six months.

TIMETABLE:	ACTION	DATE	FR CITE
	Board approved proposal for comment	02/27/90	55 FR 6787
	Further Board action by	08/00/94	

EFFECTS ON SMALL BUSINESS AND OTHER ENTITIES: None

AGENCY CONTACT:

Robert Frierson
Managing Senior Counsel
Legal Division
202 452-3711

RIN: 7100-AB07

24.

TITLE:

Regulation: BB - Community Reinvestment (Docker Number: R-0822)

LEGAL AUTHORITY:

- 12 USC 321
- 12 USC 325
- 12 USC 1814
- 12 USC 1816
- 12 USC 1828

CFR CITATION:

12 CFR 228

ABSTRACT:

In December 1993, the Board and the other financial supervisory agencies proposed for public comment amendments to the regulations implementing the Community Reinvestment Act (CRA) (58 FR 67465, December 21, 1993). The proposed regulations would replace the existing regulations. The purpose of the proposal is to develop more objective and enforceable regulatory requirements while reducing regulatory burden. To do this, the proposal calls for a new set of tests of banks' CRA related performance based on their lending, services, and investments in low- and moderate-income communities. It would also require the collection of new data for larger banks but would provide for a streamlined assessment of the performance of smaller banks.

All insured depositories would be subject to the proposed regulation. It is the purpose of the proposal to reduce regulatory burden, particularly on smaller institutions, and it is not expected to 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 six months.

TIMETABLE:

ACTION	DATE	FR CITE
Board requested public comment	12/21/93	58 FR 67465
Further Board action within the next six months	08/00/94	

EFFECTS ON SMALL BUSINESS AND OTHER ENTITIES: Yes

AGENCY CONTACT:

Glenn E. Loney
 Associate Director
 Division of Consumer and Community Affairs
 202-452-3585

25.

TITLE:

Regulation: DD - Truth in Savings (Docket Number: R-0812)

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.

In July 1993, the Board approved issuing for public comment proposed amendments to Regulation DD regarding the calculation of the annual percentage yield (APY) (58 FR 64190, December 6, 1993). 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 within the next three months.

TIMETABLE:	ACTION	DATE	FR CITE
	Board requested comment	12/06/93	58 FR 64190
	Board is expected to take further action by	05/00/94	

EFFECTS ON SMALL BUSINESS AND OTHER ENTITIES: Yes

AGENCY CONTACT:

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

RIN: 7100-AB68

26.

TITLE:

Federal Reserve Bank Services (Docket Number: R-0817)

LEGAL AUTHORITY:

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

CFR CITATION:

00 CFR None

ABSTRACT:

In December 1993, the Board requested public comment on a proposal to expand the Fedwire funds transfer format and to adopt a more comprehensive set of data elements, to be implemented in late 1996 (58 FR 63366, December 1, 1993). The proposal would improve payments system efficiency by reducing the need for manual intervention in transfer processing and posting and would minimize the truncation of information when payment orders are forwarded to Fedwire from other large-value transfer systems. The proposal also would permit inclusion of information on all parties to a transfer, as would be required under proposed Treasury regulations.

Although the proposal would affect all Fedwire users, the Board expects that only relatively large entities using in-house or vendor-supplied systems will need to make significant automation changes. The proposal should not have a significant economic impact on a substantial number of small entities. Small entities generally use software provided by the Federal Reserve and would likely experience increased costs only in the areas of training and back office interface. Following review of the public comments, the Board is expected to take further action by mid-1994.

TIMETABLE:	ACTION	DATE	FR CITE
	Board requested public comment	12/01/93	58 FR 63366
	Further Board action by	06/00/94	

EFFECTS ON SMALL BUSINESS AND OTHER ENTITIES: None

AGENCY CONTACT:

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

27.

TITLE:

Risk-Based Capital Standards (Docket Number: R-0802)

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 March 1993, following a review of comments received from an advanced notice of proposed rulemaking issued in 1992, and after staff discussions with the other agencies, the Board approved for public comment a notice of proposed rulemaking for IRR (58 FR 48206, September 14, 1993). This proposal would allow institutions to use internal risk models to measure IRR (if the models are acceptable to examiners) and would 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. Following review of the public comments, the Board and the other banking agencies are expected to take further action within the next four months.

TIMETABLE:

ACTION	DATE	FR CITE
Board requested public comment on an ANPR	08/10/92	57 FR 35507
Board approved requesting comment on proposed rulemaking	09/14/93	58 FR 48206
Final Board action expected by	06/00/94	

EFFECTS ON SMALL BUSINESS AND OTHER ENTITIES: Yes

AGENCY CONTACT:

James Embersit
Manager
Division of Banking Supervision and Regulation
202 452-5249

RIN: 7100-AB50

28.

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 in April 1993, and a similar version was approved by the Federal Deposit Insurance Corporation in early June. An interagency notice was published, after the Office of Thrift Supervision and the Office of the Comptroller of the Currency completed their approval processes (58 FR 60802, November 18, 1993). 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 mid-year.

TIMETABLE:

ACTION	DATE	FR CITE
Board requested public comment	07/15/92	57 FR 31336
Board issued notice of proposed rulemaking	11/18/93	58 FR 60802
Further Board action by	06/00/94	

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

At 10700

Section 3
Completed Section

29.

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) modified 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. In December 1993, following review of the public comments, the Board adopted final revisions to Regulation A in substantially the form proposed (58 FR 68509, December 28, 1993). The regulation applies to extensions of credit to all depository institutions (both large and small). The regulation limits credit to certain undercapitalized and critically undercapitalized insured depository institutions, including small depository institutions.

TIMETABLE:	ACTION	DATE	FR CITE
	Board approved requesting comment	08/31/93	58 FR 45851
	Board adopted proposal	12/28/93	58 FR 68509

EFFECTS ON SMALL BUSINESS AND OTHER ENTITIES: Yes

AGENCY CONTACT:

Manley Williams
Attorney
Legal Division
202 736-5565

RIN: 7100-AB56

30.

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. The proposal is not expected to have a substantial economic impact on small banks. Following review of the public comments, the Board adopted final amendments to the regulation in December 1993 (58 FR 65657, December 16, 1993).

TIMETABLE:	ACTION	DATE	FR CITE
	Board requested comment	12/07/92	57 FR 57697
	Board adopted revisions	12/16/93	58 FR 65657

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

31.

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. EBT programs involve such benefits as Aid to Families with Dependent Children, food stamps, and Supplemental Security Income. (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.

On February 16, 1994, following review of the public comments, the Board adopted a final rule to cover EBT systems (Federal Register cite unavailable). Except for periodic statements, EBT systems must be in full compliance with all applicable Regulation E rules, including the rules on consumer liability for unauthorized transactions and error resolution. The amendments to Regulation E are effective immediately upon publication in the Federal Register; however, mandatory compliance is deferred until March 1, 1997.

TIMETABLE:	ACTION	DATE	FR CITE
	Board requested public comment	02/17/93	58 FR 8714
	Board adopted proposal	02/16/94	

EFFECTS ON SMALL BUSINESS AND OTHER ENTITIES: None

AGENCY CONTACT:

Adrienne D. Hurt
Managing Counsel - Financial Services Section
Division of Consumer and Community Affairs
202 451-2412

RIN: 7100-AB47

32.

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. The first proposed modification implements 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, adopted in December 1992, lowers 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 places 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 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.

In December 1993, following review of the public comments, the Board adopted the modification regarding multifamily housing loans in substantially the form proposed (58 FR 68735, December 29, 1993).

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
Board adopted the second modification	12/29/93	58 FR 68735

EFFECTS ON SMALL BUSINESS AND OTHER ENTITIES: None

AGENCY CONTACT:

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

RIN: 7100-AB53

33.

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. In November 1993, the Board again extended the interim rule, through February 18, 1994.

In January 1994, following review of the public comments, the Board adopted the provision with three modifications: to qualify for the higher lending limit, a bank must be in satisfactory overall condition as determined in the most recent report of examination of the bank, as well as being adequately capitalized; a bank operating above the 100 percent limit that subsequently becomes ineligible for the higher limit may retain its existing insider loans but may not extend additional credit in excess of the 100 percent; and banks will no longer be required to file the required resolutions with their primary regulator or the Board. The resolutions are to be made available for inspection during the examination process (59 FR 8831, February 24, 1994).

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
	Board adopted provisions	02/24/94	59 FR 8831

EFFECTS ON SMALL BUSINESS AND OTHER ENTITIES: Yes

AGENCY CONTACT:

Gordon L. Miller
Attorney
Legal Division
202 452-2534

RIN: 7100-AB69

34.

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. In August 1993, the Board approved requesting public comment on proposed amendments to Regulation O under this new authority. 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 also modified the recordkeeping requirements of Regulation O to allow banks greater latitude in devising procedures to ensure compliance with the regulation, and made technical amendments designed to make the regulation shorter and more understandable.

In January 1994, following review of the public comments, the Board adopted the amendments in substantially the form proposed (59 FR 8831, February 24, 1994). 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.

TIMETABLE:

ACTION	DATE	FR CITE
Board requested public comment	09/09/93	58 FR 47400
Board adopted amendments	02/24/94	59 FR 8831

EFFECTS ON SMALL BUSINESS AND OTHER ENTITIES: Yes

AGENCY CONTACT:

Gordon L. Miller
Attorney
Legal Division
202 452-2534

RIN: 7100-AB62

35.

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. In February 1994, following review of the public comments, the Board approved a final rule to expand the definition to institutions that meet certain market activity thresholds (59 FR 4780, February 2, 1994). 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 requested comment	05/19/93	58 FR 29149
	Board adopted final rule	02/02/94	59 FR 4780

EFFECTS ON SMALL BUSINESS AND OTHER ENTITIES: Yes

AGENCY CONTACT:

Stephanie Martin
Senior Attorney
Legal Division
202 452-3198

RIN: 7100-AB35

36.

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. The earlier opening time would reduce settlement risk for futures, options, and 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. On February 9, 1994, following review of the public comments, the Board announced that the operating hours for the Fedwire funds transfer service will be expanded to 18 hours per day (12:30 a.m. to 6:30 p.m. ET) in early 1997, and that it will seek further comment on expansion of the securities service hours after implementation of new service capabilities (Federal Register cite unavailable).

Small entities should not be affected by this action, 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
Board adopted proposal	02/09/94	

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

37.

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. In August 1993, the Board requested 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. In January 1994, following review of the public comments, the Board approved the policy statement revisions substantially as proposed (59 FR 3104, January 20, 1994). These revisions would not have a significant economic impact on small depository institutions, because those institutions generally do not incur significant daylight overdrafts or perform self-assessments.

TIMETABLE:	ACTION	DATE	FR CITE
	Board approved requesting comment	08/24/93	58 FR 44677
	Board approved policy statement revisions	01/20/94	59 FR 3104

EFFECTS ON SMALL BUSINESS AND OTHER ENTITIES: None

AGENCY CONTACT:

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

RIN: 7100-AB70

38.

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.

In August 1993, following review of the public comments, the Board approved a structure under which Reserve Banks will 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. The Board requested further comment on the size of the daylight overdraft penalty rate.

On February 16, 1994, following review of the public comments, the Board adopted a daylight overdraft penalty rate equal to the regular daylight overdraft rate plus 100 basis points, adjusted for the length of the Fedwire day (Federal Register cite unavailable). The penalty fee is effective April 14, 1994. 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.

TIMETABLE:

ACTION	DATE	FR CITE
Board requested comment	05/31/90	55 FR 22086
Board adopted proposal in part and requested public comment	08/24/93	58 FR 44672
Board adopted penalty rate	02/16/94	

EFFECTS ON SMALL BUSINESS AND OTHER ENTITIES: None

AGENCY CONTACT:

Stephanie Martin
Senior Attorney
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202 452-3198

RIN: 7100-AB17