

AT10732(a)

FEDERAL RESERVE SYSTEM

Semiannual Regulatory Flexibility Agenda October 1, 1994 - April 1, 1995

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
August 1994

August 17, 1994

AT 10732(Q)

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, 1994, through April 1, 1995. The next Semiannual Agenda will be published in April 1995.

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 1994 Agenda as part of the October 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.

Section 1
Proposed Rule Stage

1.

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's regulation applied these requirements to depository institutions with total assets of \$500 million or more. 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 year-end on proposed regulations in these enforcement matters.

TIMETABLE:

ACTION	DATE	FR CITE
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

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 1831n
12 USC 1833d

CFR CITATION:

12 CFR 208
12 CFR 225

ABSTRACT:

During 1992 and 1993, 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. Furthermore, the FFIEC proposed on March 9, 1994, new Call Report items for derivative instruments, including new information on their market values. The comment period for this proposal expired on May 9, 1994, and the comments received are under review. 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	12/00/94	

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

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 (Docket Number: R-0835)

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:

In May 1994, the Board issued 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 (59 FR 27115, May 25, 1994).

The proposal seeks 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 requested public comment	05/25/94	59 FR 27115
	Further Board action by	12/00/94	

EFFECTS ON SMALL BUSINESS AND OTHER ENTITIES: None

AGENCY CONTACT:

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

RIN: 7100-AB77

4.

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.

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

Board will consider requesting
comment by

12/00/94

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

Sandy Richardson
Managing Senior Counsel
Legal Division
202 452-6406

RIN: 7100-AB58

5.

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, was extended to February 24, 1994. Following review of the public comments, the Board will decide within the next two months 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	10/00/94	

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-AB74

6.

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 periodic review of Regulation T, which regulates extensions of credit by and to brokers and dealers. In August 1992, the Board approved a general request for comments to aid in its review (57 FR 37109, August 18, 1992). In July 1994, the Board proposed amendments in two specific areas of Regulation T (Docket Number R-0840). Following completion of the evaluation of the public comments, the Board will again seek comment on any additional 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	11/00/94	

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

7.

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 second 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	12/00/94	

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

8.

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. There is currently legislation pending, as part of the Community Development Financial Institutions bill, to appropriate funds. If the legislation is adopted, major responsibility for implementation will be assumed by the FDIC and the new oversight board that will be formed by the legislation. Consequently, the timing is 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

9.

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

Section 2
Final Rule Stage

10.

TITLE:

Regulation: C - Home Mortgage Disclosure (Docket Number R-0839)

LEGAL AUTHORITY:

12 USC 2804

CFR CITATION:

12 CFR 203

ABSTRACT:

Regulation C implements the Home Mortgage Disclosure Act (HMDA), which requires certain lenders to report information in connection with applications they receive for mortgage and other housing-related loans. In June 1994, the Board approved issuing for public comment proposed amendments to Regulation C to set an earlier deadline for reporting HMDA data to supervisory agencies; require data submission to be in machine-readable form; require lenders to keep their records of data current during the year as the data are being collected; and make a number of other changes (59 FR 30310, June 13, 1994). The Board also solicited comment on several other issues, including whether consideration should be given to changing the categories used for collection of data on the race or national origin of loan applicants under HMDA to conform to the categories used by the U.S. Office of Management and Budget. The Board also requested comment on specific areas that should be addressed in the commentary to Regulation C, now in development.

The revisions, if 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.)

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

TIMETABLE:	ACTION	DATE	FR CITE
	Board requested comment	06/13/94	59 FR 30310
	Board is expected to take final action by	12/00/94	

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

11.

TITLE:

Regulation: E - Electronic Fund Transfers (Docket Number: R-0830)

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.

In February 1994, the Board approved issuing for public comment a revised Regulation E that includes, among other things, simplified language and format (59 FR 10684, March 7, 1994). 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	03/07/94	59 FR 10684
	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

12.

TITLE:

Regulation H - Membership of State Banking Institutions in the Federal System (Docket Number R-0838)

LEGAL AUTHORITY:

12 USC 338a

CFR CITATION:

12 CFR Part 208

ABSTRACT:

Section 6(b) of the Depository Institutions Disaster Relief Act of 1992 authorizes state member banks to make investments designed primarily to promote the public welfare to the extent permissible under state law and subject to regulation by the Board. To implement section 6(b), in May 1994, the Board published for comment an amendment to Regulation H to be incorporated in a new section entitled Community Development and Public Welfare Investments (59 FR 27247, May 26, 1994). The proposed amendment will not have a significant economic impact on a substantial number of small entities, and will reduce regulatory burden for many state member banks, including small institutions, by permitting them to make certain investments that had previously required Board approval, and will have no effect in other cases.

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 public comment	05/26/94	59 FR 27247
	Further Board action by	11/00/94	

EFFECTS ON SMALL BUSINESS AND OTHER ENTITIES: None

AGENCY CONTACT:

Manley Williams
Attorney
Legal Division
202 736-5565

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-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 discussions with the other federal banking agencies on the appropriate treatment of deferred tax assets in a final rule, the Board is expected to take further action within the next three months.

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

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

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-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, added 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	12/00/94	

EFFECTS ON SMALL BUSINESS AND OTHER ENTITIES: None

AGENCY CONTACT:

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

RIN: 7100-AB76

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-0837)

LEGAL AUTHORITY:

12 USC 248(a)
 12 USC 321 to 338a
 12 USC 481 to 486
 12 USC 1814
 12 USC 1831o
 12 USC 1831p-1
 12 USC 1844(b)
 12 USC 3907
 12 USC 3909

CFR CITATION:

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

ABSTRACT:

In May 1994, the Board and the Office of the Comptroller of the Currency (OCC) issued a joint notice of proposed rulemaking. The proposal would permit institutions regulated by the OCC and the Federal Reserve to net (that is, offset) positive and negative mark-to-market values of interest rate and exchange rate contracts that are subject to legally enforceable bilateral netting arrangements, to calculate a single current exposure for the netting contract (59 FR 26456, May 20, 1994). Institutions would have to have reasoned legal opinions concluding that the bilateral netting arrangement is legally enforceable in all relevant jurisdictions. The joint proposal is consistent with an amendment to the Basle Accord, which was announced on July 15, 1994. It is not expected that the proposal will have a significant economic impact on a substantial number of small business entities.

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

TIMETABLE:	ACTION	DATE	FR CITE
	Board requested public comment	05/20/94	59 FR 26456
	Further Board action by	12/00/94	

EFFECTS ON SMALL BUSINESS AND OTHER ENTITIES: None

AGENCY CONTACT:

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

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-0845)

LEGAL AUTHORITY:

12 USC 248(a)
12 USC 321 to 338a
12 USC 481 to 486
12 USC 1814
12 USC 1831o
12 USC 1831p-1
12 USC 1844(b)
12 USC 3907
12 USC 3909

CFR CITATION:

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

ABSTRACT:

On August 3, 1994, the Board approved issuing for public comment a proposal to amend the risk-based capital treatment of potential future exposure (Federal Register cite unavailable). The effect of the proposal, if adopted, would be twofold. First, the proposal would revise and expand the potential future exposure of derivative contracts. Under this part of the proposal, long-dated interest and exchange rate contracts would be subject to new higher conversion factors and new conversion factors would be applied to equity, precious metal, and other commodity derivative contracts. The second part of the proposal would recognize effects of netting arrangements in the calculation of potential future exposure for derivative contracts subject to qualifying netting arrangements. This part of the proposal is contingent on the adoption of a final amendment to the Board's risk-based capital guidelines to recognize bilateral close-out netting arrangements (Docket Number: R-0837). It is not expected that this proposal will have a significant economic impact on a substantial number of small business entities. Following review of the public comments, the Board is expected to take further action within the next six months.

TIMETABLE:	ACTION	DATE	FR CITE
	Board approved request for public comment	08/03/94	
	Further Board action by	02/00/95	

EFFECTS ON SMALL BUSINESS AND OTHER ENTITIES: None

AGENCY CONTACT:

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

17.

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 four 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	12/00/94	

EFFECTS ON SMALL BUSINESS AND OTHER ENTITIES: None

AGENCY CONTACT:

Ann Misback
Managing Senior Counsel
Legal Division
202 452-3788

RIN: 7100-AB31

18.

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.

TIMETABLE:	ACTION	DATE	FR CITE
	Board requested public comment	01/06/93	58 FR 513
	Further Board action by	12/00/94	

EFFECTS ON SMALL BUSINESS AND OTHER ENTITIES: None

AGENCY CONTACT:

Ann Misback
Managing Senior Counsel
Legal Division
202 452-3788

RIN: 7100-AB46

19.

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
Managing Senior Counsel
Legal Division
202 452-6406

RIN: 7100-AB67

20.

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	02/00/95	

EFFECTS ON SMALL BUSINESS AND OTHER ENTITIES: Yes

AGENCY CONTACT:

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

RIN: 7100-AB72

21.

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:

In August 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

22.

TITLE:

Regulation: T - Credit by Brokers and Dealers (Docket Number: R-0840)

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:

In August 1992, the Board issued an advance notice of proposed rulemaking requesting public comment in connection with a general review of Regulation T (Docket Number R-0772; RIN 7100-AB28). As part of this review, in June 1994, the Board approved issuing for public comment specific Regulation T amendments covering (1) the time periods within which customers must pay for securities or meet initial margin calls, and (2) exemptions involving U.S. government securities (59 FR 33923, July 1, 1994). The amendments would shorten the Regulation T payment periods by two days, corresponding with the SEC's shortening the standard securities settlement period. Other amendments would exempt from Regulation T certain broker-dealers who limit their activities to transactions involving U.S. government securities and create a new account to allow similar transactions with broker-dealers who are not exempt. Related amendments would raise the de minimis amount below which liquidation of unpaid transactions is not required from \$500 to \$1000, require brokers seeking extensions of the payment periods to obtain them from their designated examining authority, and clarify that foreign settlement periods are used to calculate when restrictions in the cash account are applied to foreign securities.

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. 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	07/01/94	59 FR 33923
Further Board action expected by	11/00/94	

EFFECTS ON SMALL BUSINESS AND OTHER ENTITIES: None

AGENCY CONTACT:

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

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	02/00/95	

EFFECTS ON SMALL BUSINESS AND OTHER ENTITIES: None

AGENCY CONTACT:

Robert Frierson
Assistant General Counsel
Legal Division
202 452-3711

RIN: 7100-AB07

● 24.

TITLE:

Regulation: Y - Bank Holding Companies and Change in Bank Control
(Docket Number: R-0843)

LEGAL AUTHORITY:

12 USC 1972(1)

CFR CITATION:

12 CFR 225.7

ABSTRACT:

Section 106(b) of the Bank Holding Company Act Amendments of 1970 generally prohibits a bank from tying its own products, or tying its products to those of an affiliate. The Board's Regulation Y applies section 106 to bank holding companies and their nonbank subsidiaries as if they were banks.

In July 1994, the Board approved issuing for public comment a proposed rule to permit a bank holding company or its nonbank subsidiary to offer a discount on its products on condition that a customer obtain any other product from that company or subsidiary or from any of its nonbank affiliates (59 FR 39709, August 4, 1994). This exception would apply only when none of the packaged products are being offered by a bank. The proposal is not likely to have a significant economic impact on a substantial number of small entities.

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

TIMETABLE:

ACTION	DATE	FR CITE
Board requested public comment	08/04/94	59 FR 39709
Further Board action by	11/00/94	

EFFECTS ON SMALL BUSINESS AND OTHER ENTITIES: None

AGENCY CONTACT:

Greg Baer
Managing Senior Counsel
Legal Division
202 452-3236

25.

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 two months.

TIMETABLE:	ACTION	DATE	FR CITE
	Board requested public comment	12/21/93	58 FR 67465
	Further Board action by	10/00/94	

EFFECTS ON SMALL BUSINESS AND OTHER ENTITIES: Yes

AGENCY CONTACT:

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

RIN: 7100-AB75

26.

TITLE:

Regulation: DD - Truth in Savings (Docket Number: R-0836)

LEGAL AUTHORITY:

12 USC 4301 et seq

CFR CITATION:

12 CFR 230

ABSTRACT:

Sections 261 to 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 the context of deliberations about its December 1993 proposal regarding calculation of the annual percentage yield (APY) (Docket Number: R-0812; RIN 7100-AB68), in May 1994, the Board approved issuing for public comment related amendments to Regulation DD (59 FR 24378, May 11, 1994). The amendments would affect institutions' compounding and crediting practices for interest-bearing accounts and would have the effect of producing an annual percentage yield that reflects the time value of money. In July, the Board extended the comment period for the May proposal (59 FR 35271, July 11, 1994). At the same time, the Board solicited comment on an alternative approach for calculating the APY. (The approach would allow institutions to disclose an APY equal to the interest rate on time accounts with maturities greater than one year and that do not compound interest but pay interest at least annually.) 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 two months.

TIMETABLE:	ACTION	DATE	FR CITE
	Board requested comment	05/11/94	59 FR 24378
	Board extended comment period	07/11/94	59 FR 35271
	Board is expected to take further action by	10/00/94	

EFFECTS ON SMALL BUSINESS AND OTHER ENTITIES: Yes

AGENCY CONTACT:

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

27.

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 late-1994.

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

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-AB71

28.

TITLE:

Proposed Policy Statement on Privately Operated Large-Dollar
Multilateral Netting Systems (Docket Number: R-0842)

LEGAL AUTHORITY:

12 USC 221 et seq

CFR CITATION:

None

ABSTRACT:

In July 1994, the Board issued for public comment a proposed policy statement that would adopt minimum standards for privately operated large-dollar multilateral netting systems (59 FR 36438, July 18, 1994). These standards (also known as the "Lamfalussy minimum standards") were set out in a 1990 report by the central banks of the Group of Ten countries and are intended to reduce risk in multilateral netting systems. The Board also requested comment on whether a higher standard with respect to assuring settlement should be applicable to systems that present a high degree of systemic risk. The proposed policy would be applicable to privately operated large-dollar multilateral netting systems only (and not to paper-based or ACH systems), and would not have a significant economic impact on a substantial number of small entities. Following review of the public comments, the Board is expected to take further action by year-end.

TIMETABLE:	ACTION	DATE	FR CITE
	Board requested comment	07/18/94	59 FR 36438
	Further Board action by	12/00/94	

EFFECTS ON SMALL BUSINESS AND OTHER ENTITIES: None

AGENCY CONTACT:

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

29.

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. Following review of the public comments, the Board and the other banking agencies are expected to take further action within the next two months. The Board also approved for comment, and on August 3, 1994, subsequently adopted, proposals revising risk-based capital standards to account for the risks posed by concentrations of credit and nontraditional activities (Docket Number R-0764). The adopted regulation provides for substantial flexibility in evaluating these risks. A final interagency rule is subject to the completion of each agency's approval process.

TIMETABLE:

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

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

30.

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 (FDICIA) 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.

However, sections of legislation passed by the U.S. House and Senate in their Community Development Financial Institution Bills (HR 3474) would make amendments to certain sections of FDICIA, including the safety and soundness standards. The passage of a final bill is uncertain, but if passed into law it will affect the nature and scope of the proposed regulations. Following review of the public comments, the Board is expected to take further action in the Fall.

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	10/00/94	

EFFECTS ON SMALL BUSINESS AND OTHER ENTITIES: None

TITLE:

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

AGENCY CONTACT:

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

RIN: 7100-AB52

31.

TITLE:

Regulation: Ten Percent Revenue Limit on Bank-Ineligible Activities of Subsidiaries of Bank Holding Companies (Docket Number: R-0841)

LEGAL AUTHORITY:

12 USC 377

CFR CITATION:

None

ABSTRACT:

Section 20 of the Glass-Steagall Act prohibits a member bank from being affiliated with a company that is "engaged principally" in underwriting and dealing in securities that a bank may not underwrite and deal in directly ("ineligible securities"). In July 1994, the Board issued for public comment a proposal to provide an alternative to the current indexed revenue test used to measure compliance with the "engaged principally" standard (59 FR 35516, July 12, 1994). The current test limits to 10 percent revenue earned from ineligible securities activities relative to the total revenue of a bank holding company subsidiary engaged, to a limited extent, in underwriting and dealing in ineligible securities ("section 20 subsidiary"). Comments were solicited on whether asset values or sales volume data, or a combination of both measures should be used as a new alternative test. In 1993, the Board solicited comment on a proposed test based on asset values, then deferred a decision to adopt such a test. The current proposal would allow section 20 subsidiaries additional flexibility in the conduct of their securities operations, and arises due to the Board's increased experience in reviewing and monitoring the activities and operations of these subsidiaries. The proposal would not have a significant economic impact on small entities nor on a substantial number of bank holding companies.

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

TIMETABLE:

ACTION	DATE	FR CITE
Board requested public comment	07/12/94	59 FR 35516
Further Board action by	10/00/94	

EFFECTS ON SMALL BUSINESS AND OTHER ENTITIES: None

AGENCY CONTACT:

Thomas Corsi
Senior Attorney
Legal Division
202 452-3275

**Section 3
Completed Actions**

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-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.

In June 1994, following review of the public comments, the Board adopted the amendments to the real estate appraisal regulation substantially as proposed (59 FR 29481, June 7, 1994). As part of the rulemaking, the Board deleted Appendix A to subpart G, part 225, which contained the specific provisions of USPAP. Instead, the agencies have decided to make general reference to USPAP as the generally accepted appraisal standards for appraisals under Title XI of the Financial Institutions Reform, Recovery and Enforcement Act of 1989. The adoption of the amendments will have the effect of relieving perceived restrictions on regulated institutions and reducing regulatory burden for some small entities.

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)

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
	Board adopted amendments	06/07/94	59 FR 29481

EFFECTS ON SMALL BUSINESSES AND OTHER ENTITIES: Yes

AGENCY CONTACT:

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

RIN: 7100-AB20

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-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 later determined to adopt a proposal to establish a general consent procedure for investments in bank premises by state member banks (59 FR 28761, June 3, 1994). 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. All regulatory amendments necessitated by the proposals adopted in 1992 have now been implemented. Comments received are being considered in the context of ongoing regulatory reform.

TIMETABLE:

ACTION	DATE	FR CITE
Board requested public comment	09/01/92	57 FR 39641
Board implemented proposed regulatory burden reduction efforts	08/00/94	

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:

Terence F. Browne
Senior Attorney
Legal Division
202 452-3818

RIN: 7100-AB55

34.

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. In April 1994, following review of the public comments, the Board adopted the amendments substantially as proposed (59 FR 22962, May 4, 1994). It is not expected that the proposed amendments will impose any substantial economic burden on small entities.

TIMETABLE:

ACTION	DATE	FR CITE
Board requested comment	12/28/83	58 FR 68566
Board adopted amendments	05/04/94	59 FR 22962

EFFECTS ON SMALL BUSINESS AND OTHER ENTITIES: None

AGENCY CONTACT:

Stephanie Martin
Senior Attorney
Legal Division
202 452-3198

RIN: 7100-AB66

35.

TITLE:

Regulation: Y - Bank Holding Companies and Change in Bank Control
(Docket Number: R-0832)

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. In March 1994, the Board issued for public comment an amendment to Regulation Y that would permit a bank holding company or bank or nonbank subsidiary thereof to offer a discount on a traditional bank product or on securities brokerage services on condition that a customer obtain a traditional bank product from an affiliate (59 FR 12202, March 16, 1994). In July 1994, following review of the public comments, the Board adopted the proposal substantially as proposed (59 FR 39677, August 4, 1994). The proposal will not have a significant economic impact on a substantial number of small entities that would be subject to the rule.

The Board also proposed another amendment that would permit a bank holding company or its nonbank subsidiary to offer a discount on its products or services on condition that a customer obtain any other product or service from that company or subsidiary, or from any of its nonbank affiliates (Docket Number: R-0843).

TIMETABLE:	ACTION	DATE	FR CITE
	Board requested public comment	03/16/94	59 FR 12202
	Board adopted proposal	08/04/94	59 FR 39677

EFFECTS ON SMALL BUSINESS AND OTHER ENTITIES: None

AGENCY CONTACT:

Robert Frierson
Assistant General Counsel
Legal Division
202 452-3711

RIN: 7100-AB73

36.

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 requiring institutions to use a new formula to calculate the annual percentage yield (APY) for accounts where consumers receive interest payments more frequently than interest is compounded. The proposal would also have affected the APY for accounts that do not compound interest but permit periodic interest payments. Following review of the public comments, and based on considerations of costs and regulatory burden, the Board withdrew the proposal (59 FR 24376, May 11, 1994).

In the context of deliberations about its proposal regarding the APY, the Board approved issuing for public comment related amendments to Regulation DD (Docket Number: R-0812; 59 FR 24378, May 11, 1994). The amendments would affect institutions' compounding and crediting practices for interest-bearing accounts and would have the effect of producing an APY that reflects the time value of money.

TIMETABLE:	ACTION	DATE	FR CITE
	Board requested comment	12/06/93	58 FR 64190
	Board withdrew proposal	05/11/94	59 FR 24376

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