

**FEDERAL RESERVE BANK  
OF NEW YORK**

[ Circular No. **10738**  
November 10, 1994 ]

**TRUTH IN SAVINGS  
Amendments to Regulation DD and the Official Staff Commentary**

*To All Depository Institutions, in the Second  
Federal Reserve District, and Others Concerned:*

The following statement has been issued by the Board of Governors of the Federal Reserve System to implement recent changes made to the Truth in Savings Act by the Riegle Community Development and Regulatory Improvement Act of 1994:

The Federal Reserve Board has amended its Regulation DD (Truth in Savings) to comply with a provision of the Riegle Community Development and Regulatory Improvement Act.

Originally, the regulation covered accounts held both by individuals and by unincorporated nonbusiness associations of individuals. Under the new provisions, accounts held by unincorporated nonbusiness associations of individuals are no longer subject to Truth in Savings. The new law narrowed the scope of covered accounts to those held by individuals primarily for personal, family or household purposes.

Enclosed, for depository institutions and others who maintain sets of the Board's regulations, is a copy of the amendments to the regulation and to the official staff commentary, as published in the *Federal Register* of October 19. Questions thereon may be directed to our Compliance Examinations Department (Tel. No. 212-720-5914).

WILLIAM J. McDONOUGH,  
*President.*

**Board of Governors of the Federal Reserve System**  
**AMENDMENT TO REGULATION DD AND THE OFFICIAL STAFF COMMENTARY**  
**Truth in Savings**

(Effective September 23, 1994)

**FEDERAL RESERVE SYSTEM**

**12 CFR Part 230**

[Regulation DD; Docket No. R-850]

**Truth in Savings; Regulatory Amendments**

**AGENCY:** Board of Governors of the Federal Reserve System.

**ACTION:** Final rule.

**SUMMARY:** The Board is publishing amendments to Regulation DD (Truth in Savings) and the official staff commentary to implement recent changes made to the Truth in Savings Act by the Riegle Community Development and Regulatory Improvement Act of 1994. The law narrows the scope of accounts covered by the Truth in Savings Act to accounts held by individuals for a personal, family or household purpose. Accounts held by unincorporated nonbusiness associations of individuals are no longer subject to Truth in Savings requirements. The amendments to Regulation DD would merely implement this change by deleting references to "unincorporated nonbusiness associations of individuals." The Board has made a finding that publishing a proposed amendment for comment is unnecessary and contrary to the public interest; therefore, the amendment is adopted in final form.

**EFFECTIVE DATE:** September 23, 1994.

**FOR FURTHER INFORMATION CONTACT:** Jane Ahrens, Senior Attorney, or Kyung Cho-Miller, Staff Attorney, Division of Consumer and Community Affairs, Board of Governors of the Federal Reserve System, at (202) 452-3667 or

452-2412; for the hearing impaired *only* contact Dorothea Thompson, Telecommunications Device for the Deaf, at (202) 452-3544.

**SUPPLEMENTARY INFORMATION:**

**I. Background**

The purpose of the Truth in Savings Act (12 U.S.C. 4301 et seq.) is to assist consumers in comparing deposit accounts offered by depository institutions. Institutions must disclose fees, the interest rate, the annual percentage yield (APY), and other account terms whenever a consumer requests the information and before an account is opened. Fees and other information also must be provided on any periodic statement sent to the consumer. Deposit account advertisements and advance notices to account holders of adverse changes in terms are also covered. The act restricts how institutions determine the account balance on which interest is calculated. The act is implemented by the Board's Regulation DD (12 CFR part 230). (See final rule published on September 21, 1992 (57 FR 43337), correction notice published on October 9, 1992 (57 FR 46480), and amendments published on March 19, 1993 (58 FR 15077).) An official staff commentary was published on August 8, 1994 (59 FR 40217).

**II. Regulatory Amendment**

The Riegle Community Development and Regulatory Improvement Act of 1994 was enacted September 23, 1994 (Pub. L. 103-325, 108 Stat. 2160). Section 332 of the act amends the Truth in Savings Act. The amendment narrows the scope of covered accounts to those held by individuals primarily for personal, family or household purposes. Accounts held by unincorporated nonbusiness

associations of individuals are no longer covered by Truth in Savings, effective on the law's date of enactment.

The Board is adopting amendments to the regulation and commentary to implement this change. The Administrative Procedure Act provides that notice and opportunity for public comment are not required if the Board finds that notice and public comment are unnecessary or would be contrary to the public interest. 5 U.S.C. 553(b)(B). The Board believes such a finding is appropriate in this case. The Congress has eliminated a class of accounts from Truth in Savings coverage, and the amendments merely effect that change. These amendments—which only delete references to accounts held by unincorporated nonbusiness associations of individuals—are technical and not subject to interpretation. In light of the Congress' action, the Board has no discretion with regard to this regulatory change. It is essentially ministerial. The Board is required by law to amend Regulation DD in the manner proposed. This amendment to 12 CFR part 230 relieves depository institutions from the requirement that they treat "unincorporated nonbusiness associations of individuals" as "consumers" under Regulation DD. Because this regulatory amendment eliminates requirements, it is effective September 23, 1994—the effective date of the statutory amendment.

For these reasons, the Board has determined that publishing a notice of proposed rulemaking and providing opportunity for public comment for the following amendments is unnecessary and would be contrary to the public interest.

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For Regulation DD and the Official Staff Commentary to Regulation DD to be complete, retain:

- 1) Regulation DD pamphlet, effective September 21, 1992
- 2) Amendments effective March 21, 1993
- 3) Official Staff Commentary on Regulation DD, dated August 3, 1994
- 4) This slip sheet

*Section 230.2—Definitions*

(a) Account

The reference to existing accounts held by an unincorporated nonbusiness association of natural persons prior to June 21, 1993 is deleted.

(h) Consumer

The reference to accounts held by unincorporated nonbusiness associations of natural persons is deleted.

**Supplement I to Part 230—Official Staff Interpretations**

*Section 230.2—Definitions*

(h) Consumer

Comment 2(h) -5, which provides guidance for determining whether an account held by an unincorporated

association of individuals is for a business or nonbusiness purpose, is deleted.

**III. Economic Impact Statement**

The amendment has no significant impact on institutions' costs, including those of small institutions.

**List of Subjects in 12 CFR Part 230**

Advertising, Banks, banking, Consumer protection, Federal Reserve System, Record and recordkeeping requirements, Truth in savings.

For the reasons set forth in the preamble, 12 CFR part 230 is amended as follows:

**PART 230—TRUTH IN SAVINGS (REGULATION DD)**

1. The authority citation for part 230 continues to read as follows:

Authority: 12 U.S.C. 4301 *et seq.*

**§ 230.2 [Amended]**

2. In § 230.2, the last sentence of paragraph (a) and the second sentence of paragraph (h) are removed.

**Supplement I to Part 230—[Amended]**

3. In Supplement I to Part 230 under the heading Section 230.2—Definitions, paragraph (h)5. *Unincorporated associations.* is removed.

By order of the Board of Governors of the Federal Reserve System, October 13, 1994.

**Jennifer J. Johnson,**

*Deputy Secretary of the Board.*

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