

AT-10775

FEDERAL RESERVE SYSTEM

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

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, 1995. The next Semiannual Agenda will be published in October 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 April 1995 Agenda as part of the April 1995 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

LEGAL AUTHORITY:

42 USC 4001 et seq

CFR CITATION:

12 CFR 208

ABSTRACT:

The National Flood Insurance Reform Act of 1994 (Title V of the Riegle Community Development and Regulatory Improvement Act of 1994) includes a number of amendments to the Flood Disaster Protection Act of 1973. The amendments are intended to improve compliance with existing flood insurance purchase requirements, including provisions concerning forced placement of policies, escrowing of insurance premiums, standard determination forms, notification requirements, penalties of noncompliance, and compliance examination requirements. All state member banks, including small institutions, will be subject to the amended provisions.

Under the statute, the federal banking agencies are to consult and coordinate on the development of implementing regulations through the Federal Financial Institutions Examination Council. It is expected the Board will consider issuing regulations implementing the statute within the next six months.

TIMETABLE:

ACTION

DATE

FR CITE

Board may consider amendments to Regulation H by

08/00/95

EFFECTS ON SMALL BUSINESS AND OTHER ENTITIES: Yes

AGENCY CONTACT:

Lawranne Stewart
Senior Attorney
Legal Division
202 452-3513

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 applied 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 develop a notice of proposed rulemaking for public comment by year-end.

TIMETABLE:

ACTION

DATE

FR CITE

Board may consider amendments to Regulations H and Y by

12/00/95

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 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) 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 FFIEC has included new information about market values of derivative instruments in its Call Report requirements for March 1995. Following this final action by the FFIEC, the Board may consider requesting public comment by year-end on changes to its regulations in order to implement certain aspects of section 121.

TIMETABLE:

ACTION

DATE

FR CITE

Board may consider amendments to Regulations H and Y by

12/00/95

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 (Docket Number: R-0835)

LEGAL AUTHORITY:

12 USC 36
12 USC 248(a)
12 USC 248(c)
12 USC 321-338a
12 USC 371d
12 USC 461
12 USC 481-486
12 USC 601
12 USC 611
12 USC 1814
12 USC 1817(j)(13)
12 USC 1818
12 USC 1823(j)
12 USC 1828(o)
12 USC 1831i

CFR CITATION:

12 CFR 208, app A
12 CFR 225, app A

ABSTRACT:

In May 1994, the Board issued for public comment two proposals on the capital treatment of recourse arrangements and direct credit substitutes. The first 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).

Subsequent to the issuance of this proposal, the Congress mandated, under section 350 of the Riegle Community Development and Regulatory Improvement Act of 1994, that the Board issue regulations limiting, as of March 22, 1995, the amount of risk-based capital an insured depository institution is required to hold for assets transferred with recourse to the maximum amount of recourse for which the institution is contractually liable. The portion of the Board's proposal dealing with low-level recourse transactions satisfies the minimum requirements of section 350, and, accordingly, in February 1995, the Board adopted that portion of the proposal (60 FR 8177, February 13, 1995).

The second proposal, an advance notice of proposed rulemaking, sought 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. The Board will continue to consider the advanced notice of proposed rulemaking, as well as the outstanding issues addressed in the

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)

ADDITIONAL INFORMATION:

ABSTRACT CONT: first proposal and is expected to take further action within the next six months. Small entities would be affected by the final rule and the two proposals only to the extent that they engage in extending recourse arrangements or direct credit substitutes; it is not expected that the proposals will have a significant economic impact.

TIMETABLE:

ACTION	DATE	FR CITE
Board requested public comment	05/25/94	59 FR 27115
Board adopted one aspect of the proposal	02/13/95	60 FR 8177
Further Board action within the next six months	10/00/95	

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

● 5.

TITLE:

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

LEGAL AUTHORITY:

12 USC 36
12 USC 321
12 USC 1828
12 USC 1831u
12 USC 1842

CFR CITATION:

12 CFR 208
12 CFR 225

ABSTRACT:

Sections 101, 102, and 103 of the Riegle-Neal Interstate Banking and Branching Efficiency Act of 1994 establish conditions under which bank holding companies and national banks will be permitted to engage in interstate banking and branching through acquisitions, mergers, and establishment of de novo branches. Under section 9 of the Federal Reserve Act, the limitations and conditions on branching by national banks also are applicable to state member banks. Section 101 of the Riegle-Neal Act also permits a bank to receive deposits and provide certain other services as agent for any affiliated depository institution without the bank being considered to be a branch of the affiliated depository institution.

The Board is considering whether it is necessary to amend its Regulations H and Y to reflect the statutory changes.

The statutory changes reduce restrictions currently applicable to bank holding companies and state member banks of all sizes, including small institutions, and will not significantly increase regulatory burden on small banks.

TIMETABLE:	ACTION	DATE	FR CITE
	Board is expected to act on a proposed rule by	06/00/95	

EFFECTS ON SMALL BUSINESS AND OTHER ENTITIES: Undetermined

AGENCY CONTACT:

Lawranne Stewart
Senior Attorney
Legal Division
202 452-3513

6.

TITLE:

Regulation: K -- International Banking Operations

LEGAL AUTHORITY:

12 USC 3105(k)

CFR CITATION:

12 CFR 211

ABSTRACT:

During the next two months, the Board will consider issuing for public comment a proposed amendment to Regulation K to implement the provision of the Riegle-Neal Interstate Banking and Branching Efficiency Act of 1994 that amended the International Banking Act of 1978 by adding a new subsection regarding the management of shell branches. The relevant subsection prohibits foreign banks from using their U.S. branches or agencies to manage types of activities through offshore shell branches that could not be managed by a U.S. bank at its foreign branches or subsidiaries. It is not anticipated that the proposal will have a significant economic impact on a substantial number of small entities subject to the Board's regulation.

TIMETABLE:

ACTION

DATE

FR CITE

Board will consider proposal by

04/00/95

EFFECTS ON SMALL BUSINESS AND OTHER ENTITIES: None

AGENCY CONTACT:

Janet Crossen
Senior Attorney
Legal Division
202 452-3281

7.

TITLE:

Regulation: K -- International Banking Operations

LEGAL AUTHORITY:

12 USC 1841 et seq

12 USC 3101 et seq

CFR CITATION:

12 CFR 211

ABSTRACT:

The Riegle-Neal Interstate Banking and Branching Act of 1994 contains provisions affecting foreign banks with U.S. operations, including, among other matters, interstate banking and branching and the selection of home states by foreign banks. By the end of April 1995, the Board is expected to consider issuing for public comment amendments to Regulation K to implement the statutory changes. It is not expected that any rulemaking will have a significant economic impact on a substantial number of small banks.

TIMETABLE:

ACTION

DATE

FR CITE

The Board is expected to consider amendments to Regulation K by

05/00/95

EFFECTS ON SMALL BUSINESS AND OTHER ENTITIES: None

AGENCY CONTACT:

Douglas M. Ely
Senior Attorney
Legal Division
202 452-5289

8.

TITLE:

Regulation: L -- Management Official Interlocks

LEGAL AUTHORITY:

PL 103-325

CFR CITATION:

12 CFR 212

ABSTRACT:

Regulation L implements provisions of the Depository Institutions Management Interlocks Act (DIMIA), which regulates management interlocks among depository institutions. Section 338 of the Riegle Community Development and Regulatory Improvement Act of 1994 amended certain sections of DIMIA. Specifically, section 338 extends the grandfather provision allowing prohibited management interlocks that began prior to November 10, 1978, to continue until November 1998. The section requires that the regulatory agencies review all grandfathered interlocks to determine whether the interlock meets the criteria set forth in section 338 to qualify for an extension. Section 338 also amended DIMIA with respect to the regulatory agencies' authority to create exemptions to DIMIA through general regulation. The section sets forth criteria that the regulatory agencies must consider before exempting an interlock on a case-by-case basis.

It is expected that the Board, with the other regulatory agencies, will issue for public comment a proposal by mid-year to implement section 338. It is not anticipated that the proposal will have a significant impact on a substantial number of small institutions.

TIMETABLE:

ACTION

DATE

FR CITE

Board action expected by

07/00/95

EFFECTS ON SMALL BUSINESS AND OTHER ENTITIES: None

AGENCY CONTACT:

Tina Woo
Staff Attorney
Legal Division
202 452-3890

9.

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, in November 1993, the Board 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 closed on February 24, 1994. Following review of the public comments, the Board is expected to take further action by the end of the first quarter of 1994. It is not anticipated that any revisions will have a significant economic impact on a substantial number of small entities. The Reigle Community Development and Regulatory Improvement Act of 1994 amended the Consumer Leasing Act to allow an alternative disclosure scheme for radio advertisements. It is contemplated that these new rules will be implemented as part of the Regulation M review.

TIMETABLE:	ACTION	DATE	FR CITE
	Board approved requesting comment	11/19/93	58 FR 61035
	Further Board action by	04/00/95	

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

10.

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; RIN 7100-AB78). Those amendments were adopted in October 1994. 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	04/00/95	

EFFECTS ON SMALL BUSINESS AND OTHER ENTITIES: None

AGENCY CONTACT:

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

RIN: 7100-AB28

11.

TITLE:

Regulation: 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 1995, 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	06/00/95	

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

Section 2
Final Rule Stage

12.

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 within the next three months.

TIMETABLE:	ACTION	DATE	FR CITE
	Board approved requesting comment	03/07/94	59 FR 10684
	Further Board action by	05/00/95	

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: E -- Electronic Fund Transfers (Docket Number: R-0859)

LEGAL AUTHORITY:

15 USC 1693

CFR CITATION:

12 CFR 205

ABSTRACT:

In December 1994, the Board published for comment an interim rule amending Regulation E to eliminate the requirement that an electronic terminal receipt disclose a number or code that uniquely identifies the consumer, the consumer's account, or the access device (59 FR 61787, December 2, 1994). This requirement posed a significant security risk for consumers and financial institutions by making information accessible to criminals that they then used to withdraw funds from consumers' accounts. By deleting the requirement for a unique identifier, the Board enabled institutions to truncate card and account numbers. With a truncated number, it becomes less feasible for a criminal to duplicate a card with an account number that matches the consumer's number. The amendment will reduce fraud without compromising consumer's ability to identify transactions at ATMs. By helping to prevent fraud, the proposed amendment will have a positive economic effect on small entities and will reduce regulatory burden for many state member banks by removing the restriction on required disclosures. Following review of public comments, the Board is expected to adopt the rule in final.

TIMETABLE:

ACTION	DATE	FR CITE
Board adopted interim rule with request for comment	12/02/94	59 FR 61787
Further Board action by	04/00/95	

EFFECTS ON SMALL BUSINESS AND OTHER ENTITIES: None

AGENCY CONTACT:

Jane Jensen Gell
Attorney
Division of Consumer and Community Affairs
202 452-2084

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-0845)

LEGAL AUTHORITY:

12 USC 36
12 USC 248(c)
12 USC 371(d)
12 USC 461
12 USC 601
12 USC 611
12 USC 1817(j)(13)
12 USC 1818
12 USC 1823(j)
12 USC 1828(o)
12 USC 1831i
12 USC 1843(c)(8)
12 USC 1972(i)
12 USC 3105
12 USC 3106

CFR CITATION:

12 CFR 208, app A
12 CFR 225, app A

ABSTRACT:

In August 1994, the Board approved issuing for public comment a proposal to amend the risk-based capital treatment of certain derivative transactions (59 FR 43508, August 24, 1994). The effect of the proposal, if adopted, would be twofold. First, the proposal would revise and expand the set of conversion factors used to calculate 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 bilateral netting arrangements in the calculation of potential future exposure for derivative contracts subject to qualifying netting arrangements. 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 four months.

TIMETABLE:

ACTION	DATE	FR CITE
Board approved request for public comment	08/24/94	59 FR 43508
Further Board action by	06/00/95	

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 (Docket Number: R-0845)

AGENCY CONTACT:

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

RIN: 7100-AB85

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-0849)

LEGAL AUTHORITY:

12 USC 36
12 USC 248(a),
12 USC 248(c)
12 USC 321-338a
12 USC 371d
12 USC 461
12 USC 481-486
12 USC 601
12 USC 611
12 USC 1814
12 USC 1817(j) (13)
12 USC 1818
12 USC 1823(j)
12 USC 1828(o)
12 USC 1831i

CFR CITATION:

12 CFR 208, app A
12 CFR 208, app B
12 CFR 225, app A

ABSTRACT:

In October 1994, the Board, in conjunction with the Office of the Comptroller of the Currency, issued for public comment a proposal that would amend its risk-based capital guidelines for state member banks and bank holding companies by modifying the criteria used to define the Organization for Economic Cooperation and Development (OECD)-based group of countries (59 FR 52100, October 14, 1994). Under the guidelines, claims on the OECD-based group of countries are eligible for lower risk weight treatment. The OECD-based group of countries would continue to be defined as countries that are full members of the OECD (or that have concluded special lending arrangements with the International Monetary Fund (IMF) associated with the IMF's General Arrangement to Borrow) but would exclude any country within this group that has rescheduled its external sovereign debt within the previous five years. The proposed amendment is based on a recent announcement by the Basle Supervisors' Committee that it intends to revise the Basle Accord definition of the OECD-based group of countries. The proposed revision 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 during the next six months.

TIMETABLE:

ACTION	DATE	FR CITE
Board requested public comment	10/14/94	59 FR 52100
Further Board action by	10/00/95	

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-0849)

EFFECTS ON SMALL BUSINESS AND OTHER ENTITIES: None

AGENCY CONTACT:

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

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-0870)

LEGAL AUTHORITY:

12 USC 36
12 USC 248(a)
12 USC 248(c)
12 USC 321-338a
12 USC 371d
12 USC 461
12 USC 481-486
12 USC 601
12 USC 611
12 USC 1814
12 USC 1817(j)(13)
12 USC 1818
12 USC 1823(j)
12 USC 1828(o)
12 USC 1831i

CFR CITATION:

12 CFR 208, app A
12 CFR 225, app A

ABSTRACT:

In January 1995, the Board approved issuing for public comment a proposal to amend its risk-based and leverage capital guidelines for state member banks and its risk-based capital guidelines for bank holding companies to reduce the capital requirement for small business obligations transferred with recourse by qualified banking organizations (60 FR 6042, February 1, 1995). This amendment is being proposed to implement section 208 of the Riegle Community Development and Regulatory Improvement Act of 1994.

Under the proposal, qualifying institutions that transfer small business obligations with recourse would be required to maintain capital only against the amount of recourse retained, provided certain criteria are met. The total outstanding amount of recourse retained on transfers of small business obligations receiving the preferential capital treatment generally could not exceed 15 percent of an institution's total risk-based capital. It is not expected that this proposal would have a significant economic impact on a substantial number of small banking organizations. 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	02/01/95	60 FR 6042
Further Board action by	04/00/95	

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 (Docket Number: R-0870)

AGENCY CONTACT:

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

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 by mid-year.

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	06/00/95	

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-0862)

LEGAL AUTHORITY:

12 USC 3105

CFR CITATION:

12 CFR 211

ABSTRACT:

In December 1994, the Board issued for public comment proposed criteria 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 (59 FR 64171, December 18, 1994). The proposed criteria would not have a significant economic impact on a substantial number of small entities subject to the Board's regulation. Following review of the public comments, the Board, in consultation with the Secretary of the Treasury, will consider a final rule.

TIMETABLE:

ACTION	DATE	FR CITE
Board requested public comment	12/13/94	59 FR 64171
Further Board action by	04/00/95	

EFFECTS ON SMALL BUSINESS AND OTHER ENTITIES: None

AGENCY CONTACT:

Sandy Richardson
Managing Senior Counsel
Legal Division
202 452-6406

RIN: 7100-AB58

19.

TITLE:

Regulation: L -- Management Official 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 five months.

TIMETABLE:

ACTION

DATE

FR CITE

Board requested public comment

02/17/94

59 FR 7909

Further Board action by

07/00/95

EFFECTS ON SMALL BUSINESS AND OTHER ENTITIES: Yes

AGENCY CONTACT:

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

RIN: 7100-AB72

20.

TITLE:

Regulation: Y -- Bank Holding Companies and Change in Bank Control (Docket Number: R-0851)

LEGAL AUTHORITY:

12 USC 1972(1)

CFR CITATION:

12 CFR 225.7

ABSTRACT:

In October 1994, the Board issued for public comment a proposed exception to the anti-tying restrictions of section 106 of the Bank Holding Company Act and the Board's Regulation Y (59 FR 53761, October 26, 1994). The proposal would establish by regulation a "safe harbor" permitting a bank to offer a discount on any product or package of products if a customer maintains a combined balance in deposits and other products specified by the bank. The Board previously granted a similar exception by order to Fleet Financial Group, Inc., Providence, Rhode Island. Following review of the public comments, the Board is expected to take final action. The proposal is not expected to have a significant economic impact on small institutions.

TIMETABLE:

ACTION	DATE	FR CITE
Board requested comment	10/26/94	59 FR 53761
Further Board action by	04/00/95	

EFFECTS ON SMALL BUSINESS AND OTHER ENTITIES: None

AGENCY CONTACT:

Greg Baer
Managing Senior Counsel
Legal Division
202 452-3236

21.

TITLE:

Regulation: Y -- Bank Holding Companies and Change in Bank Control (Docket Number: R-0868)

LEGAL AUTHORITY:

12 USC 1817(j) (13)
12 USC 1818
12 USC 1831(i)
12 USC 1843(c) (8)
12 USC 1844(b)
12 USC 3106
12 USC 3108
12 USC 3907
12 USC 3909
12 USC 3310
12 USC 3331-3351

CFR CITATION:

12 CFR 225.125(g)

ABSTRACT:

Section 225.25(b)(4) of the Board's Regulation Y authorizes bank holding companies to act as investment adviser to registered investment companies. Bank holding companies that provide such services are subject to certain restrictions set forth in the Board's interpretation regarding investment adviser activities. In December 1994, the Board approved issuing for public comment a proposal to amend the limitations in the investment adviser interpretation to permit bank holding companies that advise an investment company to purchase, in a fiduciary capacity, securities of the investment company if the purchase is specifically authorized by the terms of the instrument creating the fiduciary relationship, by court order, or by the law of the jurisdiction under which the trust is administered (59 FR 67654, December 30, 1994).

It is not anticipated that amending the investment adviser interpretation will have a significant impact on a substantial number of small institutions as it will relax an existing restriction. Following review of the public comments, the Board is expected to take final action.

TIMETABLE:	ACTION	DATE	FR CITE
	Board requested comment	12/30/94	59 FR 67654
	Further Board action by	04/00/95	

EFFECTS ON SMALL BUSINESS AND OTHER ENTITIES: None

AGENCY CONTACT:

Timothy Byrne
Staff Attorney
Legal Division
202 452-3565

22.

TITLE:

Regulation: Z -- Truth in Lending (Docket Number: R-0858)

LEGAL AUTHORITY:

15 USC 3806
15 USC 1604
15 USC 1637(c)(5)

CFR CITATION:

12 CFR 226

ABSTRACT:

Sections 151 to 154 of the Riegle Community Development and Regulatory Improvement Act of 1994 amend the Truth in Lending Act to impose on creditors disclosure requirements about the potential cost of reverse mortgage transactions and disclosure requirements and substantive limitations on home mortgage transactions with high rates or high fees. To implement sections 151 to 154, in December 1994, the Board published for comment amendments to Regulation Z (59 FR 61832, December 2, 1994). The types of mortgages that trigger these new requirements are not typically offered by small institutions; thus, the requirements would not have a significant economic impact on those institutions.

The Board is expected to take further action following review of the public comments.

TIMETABLE:

ACTION	DATE	FR CITE
Board requested public comment	12/02/94	59 FR 61832
Further Board action by	04/00/95	

EFFECTS ON SMALL BUSINESS AND OTHER ENTITIES: None

AGENCY CONTACT:

Jane Ahrens
Senior Attorney
Division of Consumer and Community Affairs
202 452-3667

23.

TITLE:

Regulation: BB -- Community Reinvestment (Dockers 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). The proposed regulations would replace the existing regulations. The purpose of the proposal was to develop more objective and enforceable regulatory requirements while reducing regulatory burden. To do this, the proposal called 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 have required the collection of new data for larger banks but would have provided for a streamlined assessment of the performance of smaller banks.

In October 1994, following review of the public comments, the Board and the other agencies issued a revised proposal for comment (59 FR 51232, October 7, 1994). One significant element of the revised proposal was the addition of a requirement that larger banks collect data on the race and gender of the owners of small farms and businesses who receive or, in some instances, unsuccessfully apply for credit. In order to coordinate collection of those data with collection of data already required by the Home Mortgage Disclosure Act, technical conforming amendments were simultaneously proposed by the Board for its Regulation C (Home Mortgage Disclosure). The Board is expected to take further action by mid-year on both proposals.

All insured depositories would be subject to the proposed regulation. It is the purpose of this regulatory action 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.

TIMETABLE:

ACTION	DATE	FR CITE
Board requested public comment	12/21/93	58 FR 67465
Board requested public comment on revised proposal	10/07/94	59 FR 51232
Further Board action by	06/00/95	

EFFECTS ON SMALL BUSINESS AND OTHER ENTITIES: Yes

TITLE:

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

AGENCY CONTACT:

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

RIN: 7100-AB75

24.

TITLE:

Regulation: DD -- Truth in Savings (Docket Number: R-0836 and Docket Number: R-0869)

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 May 1994, the Board issued for public comment proposed amendments that would affect institutions' compounding and crediting practices and would have the effect of producing an annual percentage yield (APY) that reflects the timing of interest payments as well as the timing of compounding (59 FR 35271, July 11, 1994). At the same time, the Board solicited comment on an alternative approach for disclosing the APY. (The APY would be equal to the contract interest rate for noncompounding multi-year time accounts that pay out interest at least annually.) In the context of considering the May and July proposals, on January 4, 1995, the Board adopted the portion of the May proposal that produces an APY reflecting the timing of interest payments. The provisions relating to compounding and crediting, along with the July alternative approach, were not adopted. Upon request, the Board reconsidered its January 4 action and issued as a proposal for public comment the amendments adopted on January 4 (60 FR 5142, January 26, 1995). The proposal also solicits comment on an alternative method of calculating the APY (an internal rate of return formula). At the same time, the Board adopted an interim rule that permits institutions and deposit brokers advertising noncompounding multi-year time accounts that require interest payouts at least annually to disclose an APY equal to the interest rate (60 FR 5128, January 26, 1995). 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.

The Board is expected to take further action following review of the public comments.

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 adopted an interim rule	01/26/95	60 FR 5128
Board requested further public comment	01/26/95	60 FR 5142
Further Board action by	04/00/95	

EFFECTS ON SMALL BUSINESS AND OTHER ENTITIES: Yes

TITLE:

Regulation: DD -- Truth in Savings (Docket Number: R-0836 and
Docket Number: R-0869)

AGENCY CONTACT:

Jane Aherns
Senior Attorney
Division of Consumer and Community Affairs
202 452-3667

RIN: 7100-AB80

25.

TITLE:

Federal Reserve Bank Book-Entry Securities Transfer Services
(Docket Number: R-0866)

LEGAL AUTHORITY:

12 USC 221 et seq

CFR CITATION:

None

ABSTRACT:

In December 1994, the Board approved requesting public comment on the effects of opening the Fedwire on-line book-entry securities transfer service earlier in the day, on new service capabilities related to earlier opening, and on establishment of a firm closing time for the service (60 FR 123, January 3, 1995). An earlier opening time could benefit the financial markets by facilitating international transactions, providing increased liquidity, and reducing risk. Participation in the proposed early-hour service would be voluntary; therefore, the service should not have a significant economic effect on a substantial number of small entities.

Following review of the public comments, the Board is expected to take further action by October 1995.

TIMETABLE:

ACTION

DATE

FR CITE

Board requested comment

01/03/95

60 FR 123

Further Board action by

10/00/95

EFFECTS ON SMALL BUSINESS AND OTHER ENTITIES: None

AGENCY CONTACT:

Lisa Hoskins

Project Leader

Division of Reserve Bank Operations and Payment Systems

202 452-3437

26.

TITLE:

Internal Appeals Process (Docket Number: R-0867)

LEGAL AUTHORITY:

12 USC 4806

CFR CITATION:

None

ABSTRACT:

Section 309 of the Riegle Community Development and Regulatory Improvement Act of 1994 requires the federal banking agencies to adopt an independent internal appeals process. In December 1994, the Board requested public comment on procedures similar to those currently in use by the Federal Reserve Banks (59 FR 67297, December 29, 1994). The procedures are available to any institution supervised by the Federal Reserve that wishes to appeal a material supervisory determination. Under the procedures, an institution wishing to appeal can have that appeal heard by a disinterested person or persons at the Reserve Bank, with a further right of appeal to the Reserve Bank President and to the Board of Governors. The procedures set forth deadlines to ensure that all appeals are heard and decided expeditiously. Following review of the public comments, the Board is expected to adopt these procedures in a policy statement. It is not expected that the procedures will have a significant economic impact on small institutions.

TIMETABLE:

ACTION

DATE

FR CITE

Board requested public comment

12/29/94

59 FR 67297

Further Board action by

04/00/95

EFFECTS ON SMALL BUSINESS AND OTHER ENTITIES: None

AGENCY CONTACT:

Greg Baer
Managing Senior Counsel
Legal Division
202 452-3236

27.

TITLE:

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

LEGAL AUTHORITY:

12 USC 36
12 USC 248(a)
12 USC 248(c)
12 USC 321-338
12 USC 461
12 USC 481-486
12 USC 601
12 USC 611
12 USC 1814
12 USC 1823(j)
12 USC 3105
12 USC 3310
12 USC 3331-3351
12 USC 3906-3909
15 USC 78(b)

CFR CITATION:

12 CFR 208
12 CFR 225

ABSTRACT:

Section 305 of the Federal Deposit Insurance Corporation Improvement Act of 1991 (FDICIA) 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.

In September 1994, the Riegle Community Development and Regulatory Improvement Act of 1994 amended section 305 of FDICIA by adding a new subparagraph instructing the banking agencies to "take into account the size and activities of the institutions and do not cause undue reporting burdens." Following review of the public comments and the recently enacted legislation, the Board and the other banking agencies are expected to take further action within the next two months. Such action is expected to take into account a bank's size and activities as well as the related reporting burden in carrying out the mandate of section 305.

TITLE:

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

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
Further Board action expected by	04/00/95	

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 (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.

A draft notice of proposed rulemaking was approved by the Board in April 1993, and an interagency notice was published in November 1993 (58 FR 60802, November 18, 1993).

In September 1994, the Riegle Community Development and Regulatory Improvement Act of 1994 modified section 132 by: (1) providing the agencies with the option to promulgate standards as guidelines rather than regulations; (2) removing bank holding companies from the scope of section 132; and (3) giving each agency discretion to prescribe standards relating to earnings, asset quality, and stock valuation that it deems appropriate. Although the legislative changes allow the standards to be issued as guidelines, the enforcement provisions relating to compliance plans must be issued as regulations. Accordingly, on February 2, 1994, following review of the public comments, the Board adopted a final rule and guidelines for section 132 taking into account these changes. The final rule is not expected to have a significant economic impact on small institutions.

The Board also approved for comment proposed guidelines for asset quality and earnings that represent broader, more comprehensive standards than the rigid ratios or minimums originally mandated by section 132. The final rule and guidelines and proposed guidelines are expected to be published in a joint notice when the other agencies have completed their approval processes.

Following review of the public comments, the Board is expected to take further action on the guidelines 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
Board adopted rule and guidelines	02/02/95	
Board requested public comment on additional guidelines	02/02/95	
Further Board action by	06/00/95	

TITLE:

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

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

29.

TITLE:

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.

TIMETABLE:

ACTION

DATE

FR CITE

Board requested public comment
Further Board action by

07/12/94
04/00/95

59 FR 35516

EFFECTS ON SMALL BUSINESS AND OTHER ENTITIES: None

AGENCY CONTACT:

Thomas Corsi
Senior Attorney
Legal Division
202 452-3275

RIN: 7100-AB82

Section 3
Completed Actions

None

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Thomas...
Senior...
Legal...
902 452-3333

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30.

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).

In December 1994, following review of the public comments, the Board adopted amendments in final form (59 FR 63689, December 9, 1994). The final amendments differed from the proposal in some respects; principally the Board decided not to adopt the proposal to set an earlier reporting deadline.

The revisions are 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 requested comment	06/13/94	59 FR 30310
	Board took final action	12/09/94	59 FR 63698

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

31.

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 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. Following review of the public comments, in December 1994 the Board adopted a slightly modified version of the proposed rule (59 FR 63706, December 9, 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.

TIMETABLE:

ACTION	DATE	FR CITE
Board requested public comment	05/26/94	59 FR 27247
Board adopted final rule	12/09/94	59 FR 63706

EFFECTS ON SMALL BUSINESS AND OTHER ENTITIES: None

AGENCY CONTACT:

Stephanie Martin
Senior Attorney
Legal Division
202 452-3198

RIN: 7100-AB83

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-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 discussions with the other federal banking agencies on the appropriate treatment of deferred tax assets, in December 1994, the Board adopted a final rule substantially as proposed (59 FR 65920, December 22, 1994).

TIMETABLE:

ACTION	DATE	FR CITE
Board requested public comment	02/11/93	58 FR 8007
Board adopted rule	12/22/94	59 FR 65920

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

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-0823)

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 December 1994, following review of the public comments, the Board adopted a final rule amending its risk-based capital guidelines (59 FR 63241, December 8, 1994). Under this final rule, institutions are generally directed to not include in regulatory capital the "net unrealized holding gains (losses) on securities available for sale," the new common stockholders' equity account created by Statement of Financial Accounting Standards Number 115 (FAS 115), Accounting for Certain Investments in Debt and Equity Securities. Net unrealized losses on marketable equity securities (i.e., equity securities with readily determinable fair values), however, continue to be deducted from Tier 1 capital. This rule has the general effect of valuing available-for-sale securities at amortized cost (i.e., based on historical cost), rather than at fair value (i.e., generally at market value), for purposes of calculating the risk-based and leverage capital ratios. The final rule differs from the proposal issued for public comment in December 1993 (58 FR 68563, December 28, 1993). In the proposal, the risk-based capital guidelines were to be amended to include in Tier 1 capital "net unrealized holding gains (losses) on securities available for sale." The final rule is identical to the Board's December 1993 interim rule directing state member banks and bank holding companies to continue calculating the risk-based and leverage ratios on a pre-FAS 115 basis. The amendment to the risk-based capital guidelines will affect bank holding companies with total consolidated assets of \$150 million or more and all state member banks. The amendment is not expected to have a significant economic impact on a substantial number of small banks.

TIMETABLE:

ACTION	DATE	FR CITE
Board requested public comment	12/28/93	58 FR 68563
Board adopted final rule	12/08/94	59 FR 63241

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

34.

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 36
12 USC 248(c)
12 USC 371(d)
12 USC 461
12 USC 601
12 USC 611
12 USC 1817(j) (13)
12 USC 1818
12 USC 1823(j)
12 USC 1828(o)
12 USC 1831i
12 USC 1843(c) (8)
12 USC 1972(i)
12 USC 3105
12 USC 3106

CFR CITATION:

12 CFR 208, app A
12 CFR 225, app A

ABSTRACT:

In December 1994, following review of the public comments, the Board adopted a final rule with regard to netting certain derivative contracts for risk-based capital purposes (59 FR 62987, December 7, 1994). Under the rule, state member banks and bank holding companies may 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 in order to calculate a single current exposure for the netting contract. Institutions would have to have reasoned legal opinions concluding that the bilateral netting arrangement is legally enforceable in all relevant jurisdictions. The final rule is consistent with a revision to the Basle Accord, which was announced on July 15, 1994, and is substantially the same as the rule proposed in May 1994. It is not expected that the final rule will have a significant economic impact on a substantial number of small business entities.

TIMETABLE:	ACTION	DATE	FR CITE
	Board requested public comment	05/20/94	59 FR 26456
	Board adopted final rule	12/07/94	59 FR 62987

EFFECTS ON SMALL BUSINESS AND OTHER ENTITIES: None

AGENCY CONTACT:

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

RIN: 7100-AB84

35.

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). In November 1994, following review of the public comments and in consultation with the FDIC, the Board adopted a final rule substantially as proposed (59 FR 55026, November 3, 1994). The rule is not expected to have a significant economic impact on small institutions.

TIMETABLE:

ACTION	DATE	FR CITE
Board requested public comment	01/06/93	58 FR 513
Board adopted proposal	11/03/94	59 FR 55026

EFFECTS ON SMALL BUSINESS AND OTHER ENTITIES: None

AGENCY CONTACT:

Ann Misback
Managing Senior Counsel
Legal Division
202 452-3788

RIN: 7100-AB46

36.

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.

Section 115 of the Riegle-Neal Interstate Banking and Branching Efficiency Act of 1994 provides that the examination fees imposed upon branches, agencies, representative offices, and certain affiliates of foreign banks by sections 7(c) and 10(c) of the International Banking Act of 1978, as amended, shall not apply with respect to any examination conducted under those sections which begins before or during the 3-year period beginning on July 25, 1994. The Board, therefore, will not be taking any further action in relation to its examination fees proposal until closer to the expiration of the moratorium.

TIMETABLE:	ACTION	DATE	FR CITE
	Board requested public comment	12/15/93	58 FR 65560
	Moratorium imposed for three-year period beginning	07/25/94	

EFFECTS ON SMALL BUSINESS AND OTHER ENTITIES: None

AGENCY CONTACT:

Sandy Richardson
Managing Senior Counsel
Legal Division
202 452-6406

RIN: 7100-AB67

37.

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 regulation 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.

In December 1994, following review of the public comments and review by the Department of the Treasury's Bank Secrecy Act Advisory Group, the Board adopted a modified rule to reduce the burden associated with the rule, while maintaining its usefulness to law enforcement agencies (60 FR 219, January 3, 1995).

TIMETABLE:

ACTION	DATE	FR CITE
Board approved requesting comment	08/31/93	58 FR 46024
Board adopted regulation	01/03/95	60 FR 219

EFFECTS ON SMALL BUSINESS AND OTHER ENTITIES: Yes

AGENCY CONTACT:

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Legal Division
202 452-2418

RIN: 7100-AB64

38.

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 in two areas. One proposal specifies that customers must pay for securities or meet initial margin calls within two business days of the standard settlement period and includes related technical amendments. The other proposal would exempt certain brokers and transactions involving U.S. Government securities. In October 1994, following review of the public comments, the Board adopted the amendments in substantially the same form as proposed (59 FR 53565, October 25, 1994). It is not anticipated that the revisions will have a significant economic impact on the overall lending activities of a substantial number of small brokerage firms.

TIMETABLE:

ACTION	DATE	FR CITE
Board requested comment	07/01/94	59 FR 33923
Board adopted final amendments	10/25/94	59 FR 53565

EFFECTS ON SMALL BUSINESS AND OTHER ENTITIES: None

AGENCY CONTACT:

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RIN: 7100-AB78

39.

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 issued an interim rule which implemented section 914 of the Financial Institutions Reform, Recovery, and Enforcement Act of 1998 by 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 regulation became effective immediately and the Board requested public comment on any of the issues raised by the regulation. The Board indicated that the regulation may be amended in response to the comments received.

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. Section 303(a) of the Riegle Community Development and Regulatory Improvement Act of 1994 required the federal banking agencies to work jointly to unify regulations with common statutory policies over the next two years. This new legislation affects the Board's rulemaking in this area and requires the federal banking agencies to work jointly to unify regulation of section 914 notices. In this light, the Board does not anticipate taking final action on this regulation within the next six months.

TIMETABLE:	ACTION	DATE	FR CITE
	Board approved interim rule and request for comment	02/27/90	55 FR 6787
	Final action not expected within next six months	02/00/95	

EFFECTS ON SMALL BUSINESS AND OTHER ENTITIES: None

AGENCY CONTACT:

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RIN: 7100-AB07

40.

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.

In the Riegle Community Development and Regulatory Improvement Act of 1994 (Act), the responsibility for all areas of what was formerly "The Bank Enterprise Act" have been turned over to the newly created Community Development Financial Institutions (CDFI) Fund. In Section 114 of the Act, the Administrator of the CDFI Fund is given all regulatory writing and implementation responsibilities that were previously given to the regulatory agencies in the old Bank Enterprise Act. This would include defining "distressed communities." The CDFI Administrator may consult with the regulatory agencies in carrying out these responsibilities.

TIMETABLE:	ACTION	DATE	FR CITE
	Board action not required	02/00/95	

EFFECTS ON SMALL BUSINESS AND OTHER ENTITIES: None

AGENCY CONTACT:

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RIN: 7100-AB29

41.

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.

In December 1994, following review of the public comments, the Board adopted the amendments substantially as proposed (59 FR 65473, December 20, 1994).

TIMETABLE:

ACTION	DATE	FR CITE
Board requested public comment	08/04/94	59 FR 39709
Board adopted regulation	12/20/94	59 FR 65473

EFFECTS ON SMALL BUSINESS AND OTHER ENTITIES: None

AGENCY CONTACT:

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RIN: 7100-AB79

42.

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:

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. In December 1994, following review of the public comments, the Board adopted the proposal, to be implemented in two phases, with implementation to be completed by year-end 1997 (60 FR 111, January 3, 1995).

TIMETABLE:

ACTION	DATE	FR CITE
Board requested public comment	12/01/93	58 FR 63366
Board adopted proposal	01/03/95	60 FR 111

EFFECTS ON SMALL BUSINESS AND OTHER ENTITIES: None

AGENCY CONTACT:

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RIN: 7100-AB71

43.

TITLE:

Lifeline Accounts

LEGAL AUTHORITY:

12 USC 1817

12 USC 1834

CFR CITATION:

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 one-half 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 not anticipated that implementation of the law, due to its voluntary character, will have a significant impact on a substantial number of small institutions. Action by the Board is not expected during 1995.

TIMETABLE:

ACTION

DATE

FR CITE

No Board action expected this year

02/00/95

EFFECTS ON SMALL BUSINESS AND OTHER ENTITIES: None

AGENCY CONTACT:

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RIN: 7100-AB40

44.

TITLE:

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.

In December 1994, following review of the public comments, the Board adopted the proposed policy, with minor revisions (59 FR 67534, December 29, 1994). The Board determined not to adopt the higher standard for high-risk systems at that time. The policy is applicable to privately operated large-dollar multilateral netting systems only (and not to paper-based or ACH systems) and will not have a significant economic impact on a substantial number of small entities.

TIMETABLE:

ACTION	DATE	FR CITE
Board requested comment	07/18/94	59 FR 36438
Board adopted policy statement	12/29/94	59 FR 67534

EFFECTS ON SMALL BUSINESS AND OTHER ENTITIES: None

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