

FEDERAL RESERVE SYSTEM

[Circular No. **10931**
March 20, 1997]

BOARD OF GOVERNORS' SEMIANNUAL REGULATORY FLEXIBILITY AGENDA

April 1, 1997 – October 1, 1997

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.

Public Information Department
FEDERAL RESERVE BANK OF NEW YORK

FEDERAL RESERVE SYSTEM

12 CFR Chap. II

Notice of Semiannual Regulatory Flexibility Agenda

AGENCY: Board of Governors of the Federal Reserve System.

ACTION: Semiannual regulatory 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, 1997. The next Semiannual Agenda will be published in October 1997.

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 1997 Agenda as part of the April 1997 Unified Agenda of Federal Regulatory and Deregulatory Actions, 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. Matters begun and completed between issues of the Agenda have not been included.

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: D -- Reserve Requirements of Depository Institutions;
and Regulation: I -- Issue and Cancellation of Capital Stock of
Federal Reserve Banks

LEGAL AUTHORITY:

12 USC 222
12 USC 248(i)
12 USC 321
12 USC 461(c)

CFR CITATION:

12 CFR 204
12 CFR 209

ABSTRACT:

Within the next two months it is expected that the Board will issue for public comment proposed amendments to define where a depository institution is located for purposes of Federal Reserve membership (Regulation I) and reserve account maintenance (Regulation D. The proposed amendments are intended to facilitate centralization of Federal Reserve accounts by banks with interstate branches and banks that are part of a multistate holding company family. The amendments would not have a significant economic impact on a substantial number of small entities.

TIMETABLE:

ACTION

DATE

FR CITE

Board is expected to request comment by 04/00/97

EFFECTS ON SMALL BUSINESS AND OTHER ENTITIES: None

AGENCY CONTACT:

Stephanie Martin
Senior Attorney
Legal Division
202 452-3198

2.

TITLE:

Regulation: H -- Membership of State Banking Institutions in the Federal Reserve System; and Regulation: K -- International Banking Operations

LEGAL AUTHORITY:

12 USC 1835a

CFR CITATION:

12 CFR 208

12 CFR 211

ABSTRACT:

Section 109 of the Riegle-Neal Interstate Banking and Branching Efficiency Act of 1994 requires the federal banking agencies to prescribe uniform regulations to prohibit an out-of-state bank from using the authority provided by the act to engage in interstate branching primarily for the purpose of deposit production. Such regulations must also include guidelines to ensure that interstate branches are reasonably helping to meet the credit needs of the communities that the branches serve. Within the next two months the Board is expected to issue for public comment proposed amendments to Regulations H and K to implement section 109.

It is not anticipated that regulations adopted under section 109 would have a significant economic impact on a substantial number of small entities subject to regulation by the Board, as any rules adopted pursuant to section 109 would apply only to banks with interstate branches.

TIMETABLE:

ACTION

DATE

FR CITE

Board may request comment by

04/00/97

EFFECTS ON SMALL BUSINESS AND OTHER ENTITIES: None

AGENCY CONTACT:

Lawranne Stewart
Senior Attorney
Legal Division
202 452-3513

3.

TITLE:

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

LEGAL AUTHORITY:

12 USC 1831m

CFR CITATION:

12 CFR 208

12 CFR 225

ABSTRACT:

During 1992, the Board's staff consulted with the other federal banking agencies regarding the implementation of section 112, the bank auditing requirements, of the Federal Deposit Insurance Corporation Improvement Act of 1991. The section includes requirements for insured commercial banks to receive audits of their annual reports by independent public accountants, requirements for banks and their auditors to report certain information to the Board, and requirements for independent audit committees for banks. In some cases, these requirements can be satisfied by comparable arrangements at the bank holding company level. The Act generally exempts insured depository institutions from these requirements when their total assets are less than \$150 million, unless a higher threshold is chosen by the Federal Deposit Insurance Corporation (FDIC).

The FDIC, 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. Subsequently in February 1996, the FDIC approved amendments to its rules implementing section 112 that were largely required by the Riegle Community Development and Regulatory Improvement Act of 1994. These amendments expand opportunities for holding companies to file a single report covering multiple subsidiary banking organizations, conform the rule's references to the Federal Reserve's Regulation O, and make other technical revisions.

The Board has joint rulemaking authority with the other banking agencies regarding the enforcement provisions of section 112. The Board and the other agencies will issue a notice of proposed rulemaking for public comment when interagency agreement is reached.

TIMETABLE:

ACTION

DATE

FR CITE

Board may consider amendments to Regulations H and Y by

10/00/97

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:

Michael Starr
Senior Attorney
Division of Banking Supervision and Regulation
202 452-5874

RIN: 7100-AB39

4.

TITLE:

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

LEGAL AUTHORITY:

12 USC 1831n
12 USC 1833d

CFR CITATION:

12 CFR 208
12 CFR 225

ABSTRACT:

During 1992 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 (FDICIA). 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 included new information about market values of derivative instruments in its Call Report requirements for March 1995. Market value information about on- and off-balance-sheet financial instruments is also reported in banks' annual financial statements filed with the Board and the other federal banking agencies pursuant to FDICIA section 112. Following 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	12/00/97	

EFFECTS ON SMALL BUSINESS AND OTHER ENTITIES: Yes

AGENCY CONTACT:

Gerald A. Edwards, Jr.
Assistant Director
Division of Banking Supervision and Regulation
202 452-2741

RIN: 7100-AB41

5.

TITLE:

Regulation: 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 321-338
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 1831o

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)

ABSTRACT CONT:

first proposal and is expected to take further action within the next two 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 and direct credit substitutes or purchasing asset-backed securities; it is not expected that the proposals will have a significant economic impact.

TIMETABLE:

ACTION	DATE	FR CITE
Board requested 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 two months	04/00/97	

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

6.

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 248 (a)
12 USC 248 (c)
12 USC 321 to 338a
12 USC 371d
12 USC 461
12 USC 481 to 486
12 USC 601
12 USC 611
12 USC 1814
12 USC 1816
12 USC 1818
12 USC 1823 (j)
12 USC 1828 (o)
12 USC 1831o

CFR CITATION:

12 CFR 208 app A
12 CFR 208 app B
12 CFR 225 app A
12 CFR 225 app D

ABSTRACT:

Within the next two months it is expected that the Board will issue for public comment proposals to revise the Federal Reserve's risk-based capital treatment for junior liens on 1- to 4-family residential properties and for investments in mutual funds. The proposals also simplify the Federal Reserve's leverage capital guidelines for banks and make the leverage capital guidelines for bank holding companies consistent with a recently approved definition of a well-capitalized bank holding company. The proposals are being developed on an interagency basis as part of the efforts under Section 303 of the Riegle Community Development and Regulatory Improvement Act of 1994 to make interagency guidelines uniform. After the other agencies have completed their approval processes, the proposals will be issued for public comment. It is not anticipated that the proposals 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 is expected to request comment by 04/00/97

EFFECTS ON SMALL BUSINESS AND OTHER ENTITIES: None

AGENCY CONTACT:

Barbara Bouchard
Supervisory Financial Analyst
Division of Banking Supervision and Regulation
202 452-3072

7.

TITLE:

Regulation: Z -- Truth in Lending (Docket Number: R-0954)

LEGAL AUTHORITY:

15 USC 1601

CFR CITATION:

12 CFR 226

ABSTRACT:

The Economic Growth and Regulatory Paperwork Reduction Act of 1996 (Title II of the Omnibus Consolidated Appropriations Act, 1997) (the 1996 Act) requires the Board and the Department of Housing and Urban Development (HUD) to simplify and improve the disclosures given in a mortgage transaction subject to the Truth in Lending Act and the Real Estate Settlement Procedures Act. In December 1996, the Board issued jointly with HUD an Advanced Notice of Proposed Rulemaking soliciting comment on how to simplify these disclosures (61 FR 69055, December 31, 1996). The 1996 Act requires that any proposed regulatory changes be published by March 31, 1997. If legislation is necessary to streamline the requirements of the two statutes, the Board and HUD are required to submit legislative recommendations to the Congress.

Following review of the public comments, the Board is expected to take further action within the next two months. The proposed rulemaking is not expected to have a significant economic impact on small entities.

TIMETABLE:

ACTION

DATE

FR CITE

Board requested comment

12/31/96

61 FR 69055

Further Board action by

04/00/97

EFFECTS ON SMALL BUSINESS AND OTHER ENTITIES: None

AGENCY CONTACT:

Sheilah Goodman

Staff Attorney

Division of Consumer and Community Affairs

202 452-3667

8.

TITLE:

Regulation: DD -- Truth in Savings

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 September 1996, the Congress amended the Truth in Savings Act as a part of the Economic Growth and Regulatory Paperwork Reduction Act of 1996. The amendments repeal the definition of "indoor lobby sign," eliminate any disclosure requirements for nonrenewing time accounts with terms less than 30 days, and exempt certain credit unions from coverage. Within the next two months the Board is expected to consider proposing for public comment amendments to implement the statutory changes. It is not expected that there will be a significant economic impact on small institutions.

TIMETABLE:

ACTION

DATE

FR CITE

Board is expected to request comment by 04/00/97

EFFECTS ON SMALL BUSINESS AND OTHER ENTITIES: None

AGENCY CONTACT:

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

9.

TITLE:

Section 303 Regulatory Review

LEGAL AUTHORITY:

12 USC 4803(a) (1)

CFR CITATION:

12 CFR ch II

ABSTRACT:

In response to the requirements of section 303 of the Riegle Community Development and Regulatory Improvement Act of 1994, the Board is reviewing its regulations for purposes of streamlining, improving efficiency, reducing unnecessary costs, and removing inconsistencies and outmoded/duplicative requirements. The Board is also working jointly with the other banking agencies to make uniform regulations and guidelines implementing common statutory and supervisory policies. A regulatory review timetable was published in the Federal Register in October 1995 (60 FR 53546, October 16, 1995). A progress report was sent to the Congress in September 1996.

Within the next six months, it is expected that the Board will seek public comment during the course of the reviews of the following regulations/policy statements/other regulatory guidance. Reviews already proposed for public comment appear elsewhere in the Agenda.

Regulation B, Equal Credit Opportunity.

Regulation C, Home Mortgage Disclosure.

Regulation H, Membership of State Banking Institutions in the Federal Reserve System.

Regulations H and Y, Appendices, Capital Adequacy Guidelines.

Regulation I, Issue and Cancellation of Capital Stock of Federal Reserve Banks.

Regulation K, International Banking Operations (Overall Comprehensive Review).

TIMETABLE:

ACTION

DATE

FR CITE

Board action expected during the next
six months

10/00/97

EFFECTS ON SMALL BUSINESS AND OTHER ENTITIES: Undetermined

AGENCY CONTACT:

Thomas A. Durkin
Regulatory Planning and Review Director
Office of the Secretary
202 452-3236

RIN: 7100-AC09

Section 2
Final Rule Stage

10.

TITLE:

Regulation: B -- Equal Credit Opportunity (Docket Number: R-0955)

LEGAL AUTHORITY:

15 USC 1691 to 1691f

CFR CITATION:

12 CFR 202

ABSTRACT:

On September 30, 1996, the President signed into law amendments to the Equal Credit Opportunity Act (ECOA) as part of the Economic Growth and Regulatory Paperwork Reduction Act of 1996 (1996 Act). Section 2302 of the 1996 Act creates a legal privilege for information developed by creditors through "self-tests" conducted to determine the level or effectiveness of creditor compliance with the ECOA, provided that appropriate corrective action is taken to address any possible violations that may be discovered. Privileged information may not be obtained by a government agency for use in an examination or investigation relating to fair lending compliance or by a government agency or credit applicant in any civil proceeding in which a violation of the ECOA is alleged. The 1996 Act also provides that a challenge to a creditor's claim of privilege may be filed in any court or administrative law proceeding with appropriate jurisdiction.

In January 1997, the Board issued for public comment regulations, including a definition of what constitutes a "self-test" (62 FR 56, January 2, 1997). The proposed regulations would define a "self-test" as any program, practice, or study that creates data or factual information about the creditor's compliance with the ECOA that is not available or derived from loan files or other records related to credit transactions. This includes but is not limited to the practice of using fictitious loan applicants (testers).

Following review of the public comments, the Board is expected to take action within the next two months. The proposal is not expected to have a significant economic impact on small institutions.

TIMETABLE:

ACTION

DATE

FR CITE

Board requested comment

01/02/97

62 FR 56

Further Board action by

04/00/97

EFFECTS ON SMALL BUSINESS AND OTHER ENTITIES: None

AGENCY CONTACT:

James A. Michaels

Senior Attorney

Division of Consumer and Community Affairs

202 452-3667

11.

TITLE:

Regulation: C -- Home Mortgage Disclosure (Docket Number: R-0951)

LEGAL AUTHORITY:

12 USC 2801 to 2810

CFR CITATION:

12 CFR 203

ABSTRACT:

In December 1996, the Board approved issuing for public comment a proposal to amend Regulation C to implement statutory changes to the Home Mortgage Disclosure Act (61 FR 68168, December 27, 1996). The proposal ties the asset-size exemption threshold for depository institutions to changes in the consumer price index, modifies the disclosure requirements, and makes certain other technical changes. In January 1997, the Board issued an interim rule increasing the asset-size exemption threshold for depository institutions based on the increases in the consumer price index since 1975 (62 FR 3603, January 24, 1997). Institutions with asset sizes below the threshold, which has been raised from \$10 million to \$28 million, are now exempt from 1997 data collection. The rule also provides for future increases in that exemption threshold if the consumer price index increases. Both the proposal and the interim rule are the result of recent statutory changes.

Following review of the public comments, the Board is expected to take further action within the next two months on both the proposal and the interim rule. The final rule is expected to reduce burden on small depository institutions.

TIMETABLE:

ACTION

DATE

FR CITE

Board requested comment

12/27/96

61 FR 68168

Further Board action by

04/00/97

EFFECTS ON SMALL BUSINESS AND OTHER ENTITIES: None

AGENCY CONTACT:

Manley Williams

Staff Attorney

Division of Consumer and Community Affairs

202 736-5565

12.

TITLE:

Regulation: D -- Reserve Requirements of Depository Institutions
(Docket Numbers: R-0929 and R-0956)

LEGAL AUTHORITY:

12 USC 248(a)
12 USC 248(c)
12 USC 371a
12 USC 461
12 USC 601
12 USC 611
12 USC 3105

CFR CITATION:

12 CFR 208

ABSTRACT:

In June 1996, as part of its regulatory review process mandated by section 303 of the Riegle Community Development and Regulatory Improvement Act of 1994, the Board approved issuing for public comment a proposal to amend Regulation D in order to reduce burden and simplify and update regulatory requirements (61 FR 30545, June 17, 1996). In general, the proposal would delete transitional rules relating to the expansion of reserve requirements to nonmember depository institutions, the authorization of NOW accounts nationwide, and other matters that no longer have a significant effect.

In December 1996, following review of the public comments, the Board adopted the revisions substantially as proposed (61 FR 69020, December 31, 1996).

At the same time, the Board issued for public comment a proposed rule that would revise and clarify the definition of "savings deposit" consistent with comments received in connection with the Board's June proposal and would make conforming changes to the definition of "transaction account" (61 FR 96054, December 31, 1996). It is not expected that the proposal will have a significant adverse impact upon 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	06/17/96	61 FR 30545
Board adopted June 1996 proposal	12/31/96	61 FR 69020
Board requested comment on additional proposal	12/31/96	61 FR 69054
Further Board action by	12/00/97	

EFFECTS ON SMALL BUSINESS AND OTHER ENTITIES: None

AGENCY CONTACT:

Rick Heyke
Staff Attorney
Legal Division
202 452-3688

RIN: 7100-AC11

13.

TITLE:

Regulation: E -- Electronic Fund Transfers (Docket Number: R-0919)

LEGAL AUTHORITY:

15 USC 1693 et seq

CFR CITATION:

12 CFR 205

ABSTRACT:

In 1994, the Board issued a proposed comprehensive revision to Regulation E. In the proposal, the Board requested comment on whether Regulation E should apply to stored-value cards. In response to comment, the Board in May 1996 published further proposed amendments to Regulation E imposing modified Regulation E requirements on stored-value products in systems that track individual transactions, cards, or consumers; providing an exemption for cards on which a maximum value of \$100 can be stored; and providing that other stored-value cards are not covered by Regulation E (61 FR 19696, May 2, 1996).

The Economic Growth and Regulatory Paperwork Reduction Act of 1996 requires the Board to conduct a study of stored-value products--evaluating the impact of Regulation E on the cost, development, and operation of such products--and to submit a report to the Congress by March 30, 1997. The Act also prohibits the Board from finalizing the proposed amendments relating to stored-value products until three months after the report is submitted to the Congress or nine months after enactment of the Act, whichever is later.

Also in response to comment on the 1994 proposed revision, the Board in its May 1996 proposal published further proposed amendments that would permit electronic communications to substitute generally for oral or written disclosures, documentation, and notices required under Regulation E.

Finally, in response to other comments, the Board in its May 1996 proposal published further proposed amendments that would extend the error-resolution time limits for new accounts.

The proposals are part of the Board's overall review of its regulations as required by section 303 of the Riegle Community Development and Regulatory Improvement Act of 1994. It is not expected that the proposals would have a significant economic impact on small institutions. Following review of the public comments, the Board is expected to take further action on the proposed amendments relating to electronic communications and error resolution time limits within the next two months and on the proposed amendments relating to stored-value cards within the next five months.

TIMETABLE:

ACTION

DATE

FR CITE

Board requested comment

05/02/96

61 FR 19696

Further Board action by

04/00/97

EFFECTS ON SMALL BUSINESS AND OTHER ENTITIES: None

TITLE:

Regulation: E -- Electronic Fund Transfers (Docket Number:
R-0919)

AGENCY CONTACT:

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

RIN: 7100-AC06

14.

TITLE:

Regulation: E -- Electronic Fund Transfers (Docket Number: R-0959)

LEGAL AUTHORITY:

15 USC 1693

CFR CITATION:

12 CFR 205

ABSTRACT:

In January 1997, the Board issued for public comment proposed amendments to Regulation E, which implement the Electronic Fund Transfer Act (EFTA) (62 FR 3242, January 22, 1997). The proposed revisions implement an amendment to the EFTA, contained in the Personal Responsibility and Work Opportunity Reconciliation Act of 1996, that exempts certain electronic benefit transfer (EBT) programs from the EFTA. Generally, EBT programs involve the issuance of access cards and personal identification numbers to recipients of government benefits so that they can obtain their benefits through automated teller machines and point-of-sale terminals. The Board's proposal exempts from Regulation E needs-tested EBT programs established or administered by state or local government agencies. Federally administered EBT programs and state and local employment-related EBT programs (such as state pension programs) would continue to be subject to modified requirements that recognize the special characteristics of EBT programs. Regulation E applies to all types of institutions that offer EFT services, not just state member banks. The proposed amendments are not expected to have a significant economic impact on state member banks or other institutions. 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

01/22/97

62 FR 3242

Further Board action by

04/00/97

EFFECTS ON SMALL BUSINESS AND OTHER ENTITIES: None

AGENCY CONTACT:

Jane Jensen Gell

Staff Attorney

Division of Consumer and Community Affairs

202 452-3667

15.

TITLE:

Regulation: G -- Securities Credit by Persons Other than Banks, Brokers, or Dealers; Regulation: T -- Credit by Brokers and Dealers; Regulation: U -- Credit by Banks (Docket Number: R-0923)

LEGAL AUTHORITY:

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

CFR CITATION:

12 CFR 207
12 CFR 220
12 CFR 221

ABSTRACT:

The Board is conducting a periodic review of its margin regulations. The first regulation to be reviewed was Regulation T, which regulates extensions of credit by and to brokers and dealers (see Docket Numbers R-0772, RIN 7100-AB28 and R-0840, RIN 7100-AB78). In May 1996, at the same time the Board adopted a revised Regulation T, it requested public comment on additional amendments to Regulations G, T, and U (61 FR 20399, May 6, 1996). The proposed amendments would allow broker-dealers to extend good-faith credit on any non-equity security; allow transactions involving non-equity securities to be effected in an account not subject to the restrictions of Regulation T's margin account; remove restrictions on the ability of broker-dealers to calculate required margin for non-equity securities on a "portfolio" basis; relax the Board's collateral requirements for the borrowing and lending of securities; and exempt from Regulation T any credit extended abroad by a U.S. broker-dealer on foreign securities to foreign persons. The proposal also seeks comment on whether the Board should expand the number of equity securities eligible for loan value under Regulation T and whether the Board should amend Regulations G and U to modify their method for determining which equity securities qualify as margin stock. It is not anticipated that the revisions would have a significant economic impact on the overall lending activities of a substantial number of small lenders. Following review of the public comments, the Board is expected to take further action within the next four months. The proposals are a part of the Board's overall review of its regulations as required by section 303 of the Riegle Community Development and Regulatory Improvement Act of 1994.

TIMETABLE:

ACTION	DATE	FR CITE
Board requested comment	05/06/96	61 FR 20399
Further Board action by	06/00/97	

EFFECTS ON SMALL BUSINESS AND OTHER ENTITIES: None

TITLE:

Regulation: G -- Securities Credit by Persons Other than Banks,
Brokers, or Dealers; Regulation: T -- Credit by Brokers and
Dealers; Regulation: U -- Credit by Banks (Docket Number: R-0923)

AGENCY CONTACT:

Scott Holz
Senior Attorney
Legal Division
202 452-2966

RIN: 7100-AC12

16.

TITLE:

Regulation: G -- Securities Credit by Persons Other than Banks, Brokers, or Dealers; Regulation: T -- Credit by Brokers and Dealers; Regulation: U -- Credit by Banks (Docket Number: R-0944)

LEGAL AUTHORITY:

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

CFR CITATION:

12 CFR 207
12 CFR 220
12 CFR 221

ABSTRACT:

On October 11, 1996, the President signed the National Securities Markets Improvement Act of 1996 (the Markets Improvement Act). Under the Markets Improvement Act, the Board no longer has the authority to regulate certain loans to registered broker-dealers unless it finds that such rules are necessary or appropriate in the public interest or for the protection of investors. The Markets Improvement Act also repeals section 8(a) of the Securities Exchange Act of 1934, which limited the sources of credit for broker-dealers who pledge exchange-traded equity securities to certain banks and other broker-dealers. In November 1996, the Board solicited comment on amendments to its margin regulations (Regulations G, T, and U) to implement the statutory amendments in the Markets Improvement Act and further the policies behind their adoption (61 FR 60168, November 26, 1996). It is not anticipated that the proposal will 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 by mid-year.

TIMETABLE:

ACTION

DATE

FR CITE

Board requested comment	11/26/96	61 FR 60168
Further Board action by	06/00/97	

EFFECTS ON SMALL BUSINESS AND OTHER ENTITIES: None

AGENCY CONTACT:

Scott Holz
Senior Attorney
Legal Division
202 452-2966

17.

TITLE:

Regulation: H -- Membership of State Banking Institutions in the Federal Reserve System (Docket Number: R-0909)

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 1823(j)
12 USC 1828(o)
12 USC 1831o
12 USC 1831p-1
12 USC 3105

CFR CITATION:

12 CFR Part 208

ABSTRACT:

In December 1995, the Board issued for public comment proposed amendments to Regulation H pertaining to the recordkeeping and confirmation disclosures for certain securities transactions effected by state member banks (60 FR 66759, December 26, 1995). These disclosures cover transactions effected for customers involving debt and asset-backed securities and generally require three-day settlement for these transactions. It is not expected that the revisions will have a significant economic impact on a substantial number of small institutions. Following review of the public comments, the Board is expected to take further action within the next two months. The proposal is part of the Board's overall review of its regulations as required by section 303 of the Riegle Community Development and Regulatory Improvement Act of 1994.

TIMETABLE:	ACTION	DATE	FR CITE
	Board requested comment	12/26/95	60 FR 66759
	Further Board action expected by	04/00/97	

EFFECTS ON SMALL BUSINESS AND OTHER ENTITIES: None

AGENCY CONTACT:

Susan S. Meyers
Senior Securities Regulation Analyst
Division of Banking Supervision and Regulation
202 452-2781

RIN: 7100-AC07

18.

TITLE:

Regulation: H -- Membership of State Banking Institutions in the Federal Reserve System (Docket Number: R-0950)

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 1818
12 USC 1823(j)
12 USC 1828(o)
12 USC 1831o
12 USC 1831p-1

CFR CITATION:

12 CFR 208

ABSTRACT:

In December 1996, the Board, the Federal Deposit Insurance Corporation, and the Office of the Comptroller of the Currency jointly published for comment a proposed regulation establishing a professional qualification program for banks that engage in retail recommendations and sales of certain securities using their own employees (61 FR 68824, December 30, 1996). The proposed regulation will establish qualification testing, registration, and continuing education requirements for bank employees that act in the capacity of bank securities representatives. The proposed requirements will be based on the professional qualification rules of the securities self-regulatory organizations. It is not anticipated that the proposal will 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 comment	12/30/96	61 FR 68824
Further Board action by	04/00/97	

EFFECTS ON SMALL BUSINESS AND OTHER ENTITIES: None

AGENCY CONTACT:

Angela Desmond
Senior Counsel
Division of Banking Supervision and Regulation
202 452-2781

RIN: 7100-AC14

19.

TITLE:

Regulation: H -- Membership of State Banking Institutions in the Federal Reserve System; and Regulation: K -- International Banking Operations (Docket Number: R-0921)

LEGAL AUTHORITY:

15 USC 78o-5

CFR CITATION:

12 CFR 208

12 CFR 211

ABSTRACT:

In April 1996, the Board, the Office of the Comptroller of the Currency, and the Federal Deposit Insurance Corporation jointly published for comment a proposed rule regarding the responsibilities of banks that are government securities brokers or dealers with respect to sales practices concerning government securities (61 FR 18470, April 25, 1996). The proposed rule would establish standards concerning the recommendations to customers and the conduct of business by a bank that is a government securities broker or dealer. The agencies also proposed adopting an interpretation concerning recommendations to institutional customers with respect to government securities transactions. The agencies requested comment generally on the need for and desirability of the proposed rule and interpretation. The proposed rule 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 comment

04/25/96

61 FR 18470

Further Board action by

04/00/97

EFFECTS ON SMALL BUSINESS AND OTHER ENTITIES: None

AGENCY CONTACT:

Oliver Ireland
Associate General Counsel
Legal Division
202 452-3625

RIN: 7100-AC15

20.

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-0930)

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 1823(j)
12 USC 1828(o)
12 USC 1831(o)
12 USC 1831p-1
12 USC 3105

CFR CITATION:

12 CFR 208 app A

ABSTRACT:

In August 1996, the Board issued for public comment a proposal to revise the risk-based capital treatment for certain collateralized transactions (61 FR 42565, August 16, 1996). Under the Board's existing risk-based capital treatment, the portion of a transaction that is supported by qualifying collateral (that is, cash or OECD government securities) is risk-weighted at 20 percent. Transactions that are fully supported by collateral with a positive margin may be eligible for a zero percent risk weight. Generally, the proposal would permit a portion of a transaction that is fully supported with a positive margin of collateral to be eligible for a zero percent risk weight. The portion that is to be continuously collateralized must be specified by the parties.

This proposal was developed on an interagency basis and, if adopted, would eliminate one of the substantive differences among the agencies with regard to the risk-based capital treatment for collateralized transactions. It would implement part of the Riegle Community Development and Regulatory Improvement Act of 1994, which requires the agencies to make uniform regulations and guidelines implementing common supervisory policies. The effect of the proposal would be to allow institutions to hold less capital for certain collateralized transactions. It is not expected 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 by mid-year.

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-0930)

TIMETABLE:

ACTION	DATE	FR CITE
Board requested comment	08/16/96	61 FR 42565
Further Board action by	06/00/97	

EFFECTS ON SMALL BUSINESS AND OTHER ENTITIES: None

AGENCY CONTACT:

Barbara Bouchard
Supervisory Financial Analyst
Division of Banking Supervision and Regulation
202 452-3072

RIN: 7100-AC13

21.

TITLE:

Regulation: M -- Consumer Leasing (Docket Number: R-0952)

LEGAL AUTHORITY:

15 USC 1667 et seq

CFR CITATION:

12 CFR 213

ABSTRACT:

In December 1996, the Board approved issuing for public comment a proposal to implement amendments made to the Consumer Leasing Act (CLA) by the Economic Growth and Regulatory Paperwork Reduction Act of 1996 (62 FR 62, January 2, 1997). The CLA required lessors to provide consumers with uniform cost and other disclosures about consumer lease transactions. The proposed revisions streamline the advertising disclosures for lease transactions. In addition, the proposal contains several technical amendments that would be made to the regulation.

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. 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

01/02/97

62 FR 62

Further Board action by

04/00/97

EFFECTS ON SMALL BUSINESS AND OTHER ENTITIES: None

AGENCY CONTACT:

Kyung Cho-Miller

Attorney

Division of Consumer and Community Affairs

202 452-2341

22.

TITLE:

Regulation: O -- Loans to Executive Officers, Directors, and Principal Shareholders of Member Banks (Docket Numbers: R-0924, R-0939, and R-0940)

LEGAL AUTHORITY:

12 USC 375b
PL 102-242

CFR CITATION:

12 CFR 215

ABSTRACT:

The Economic Growth and Regulatory Paperwork Reduction Act of 1996 (the "Regulatory Relief Act") generally expanded the authority of the Board to allow banks to exempt directors and executive officers of affiliates from the general insider lending restrictions in section 22(h) of the Federal Reserve Act and Regulation O. The Regulatory Relief Act also narrowed the authority of the Board by prohibiting exemptions for insiders of certain larger affiliates. These statutory changes required the Board to supplement the proposed rule (Docket Number R-0924) published in May 1996 with a revised proposal published in November 1996 (Docket Number R-0940, 61 FR 57797, November 8, 1996).

Under the revised proposal, a bank may exempt the directors and executive officers of affiliates (other than the bank's top-tier holding company and any intermediate holding company for the bank) from all insider lending restrictions. As required by the Regulatory Relief Act, directors and executive officers of affiliates that constitute more than 10 percent of the consolidated assets of the top-tier holding company may not be exempted.

The Regulatory Relief Act also permitted directors and executive officers to participate in employee benefit programs that extend credit at below-market terms, if the plans are widely available and do not give preference to directors and executive officers. A final rule implementing this change was adopted and became effective November 8, 1996 (Docket Number R-0939, 61 FR 57769, November 8, 1996). The final rule also implemented the provision in the proposed rule of May 1996 to simplify the actions the board of directors of a bank must take in order to exempt eligible insiders of affiliates.

Under the Regulatory Relief Act, executive officers of the larger affiliates of a bank, who previously could be exempted from the insider lending restrictions, no longer may be. The proposed rule does not increase the possible adverse economic impact of this prohibition on any class of financial institutions. Following review of the public comments, the Board is expected to take further action within the next two months.

TITLE:

Regulation: O -- Loans to Executive Officers, Directors, and Principal Shareholders of Member Banks (Docket Numbers: R-0924, R-0939, and R-0940)

TIMETABLE:

ACTION	DATE	FR CITE
Board requested comment	05/03/96	61 FR 19863
Board requested comment on supplemental proposal	11/08/96	61 FR 57797
Further Board action by	04/00/97	

EFFECTS ON SMALL BUSINESS AND OTHER ENTITIES: None

AGENCY CONTACT:

Gordon Miller
Attorney
Legal Division
202 452-2534

RIN: 7100-AC16

23.

TITLE:

Regulation: U -- Credit by Banks for the Purpose of Purchasing or Carrying Margin Stocks (Docket Number: R-0905)

LEGAL AUTHORITY:

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

CFR CITATION:

12 CFR 221

ABSTRACT:

The Board is conducting a periodic review of Regulation U, which generally regulates bank extensions of credit that are secured by publicly traded stock. In December 1995, the Board proposed amendments for public comment that would (1) reduce the regulatory burden associated with loans secured by margin stock and other collateral and (2) clarify the circumstances under which a bank may finance the purchase of customer securities bought on a cash basis at a broker-dealer (60 FR 63660, December 12, 1995). Comment was also invited on all other areas of the regulation. The proposals satisfy requirements under section 303 of the Riegle Community Development and Regulatory Improvement Act of 1994.

In May 1996, the Board requested comment on Regulations G, T, and U (Docket Number R-0923, 61 FR 20399, May 6, 1996). The proposal includes a request for comment on the appropriate scope of Regulation U by soliciting views on the definition of "margin stock."

In October 1996, the Board requested comment on Regulations G, T, and U (Docket Number R-0944, 61 FR 60168, November 26, 1996). The proposal seeks comment on amendments to implement the National Securities Markets Improvement Act of 1996, which limits the Board's authority to regulate extensions of credit to certain broker-dealers. Responses to both the May 1996 and the October 1996 requests are also being considered as part of the Regulation U 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. 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 comment	12/12/95	60 FR 63660
	Further Board action by	06/00/97	

EFFECTS ON SMALL BUSINESS AND OTHER ENTITIES: None

AGENCY CONTACT:

Scott J. Holz
Senior Attorney
Legal Division
202 452-2966

RIN: 7100-AB65

24.

TITLE:

Regulation: Y -- Bank Holding Companies and Change in Bank Control (Docket Number: R-0936)

LEGAL AUTHORITY:

12 USC 1843(j)

CFR CITATION:

12 CFR 225

ABSTRACT:

Section 2208 of the Economic Growth and Regulatory Paperwork Reduction Act of 1996 amended the Bank Holding Company Act to eliminate the requirement that bank holding companies seek Board approval before engaging de novo in permissible nonbanking activities listed in Regulation Y if the bank holding company is well-capitalized and meets certain other criteria specified in the statute. Section 2208 also established an expedited procedure for well-capitalized bank holding companies that meet these criteria to obtain Board approval to acquire smaller companies that engage in any permissible nonbanking activities listed in Regulation Y, as well as to engage in nonbanking activities that the Board has approved only by order. These changes were effective immediately.

Section 2208 provides that a bank holding company shall be considered "well-capitalized" if it meets the capital levels required by the Board. In November 1996, the Board adopted an interim rule for determining the capital levels at which a bank holding company shall be considered "well-capitalized" under section 2208 and Regulation Y. The interim rule establishes the same risk-based capital thresholds as those set for determining that a state member bank is well-capitalized under the provisions established under section 38 of the Federal Deposit Insurance Act and a modified leverage ratio (61 FR 56404, November 1, 1996). The Board requested public comment on the definition of "well-capitalized," including how the provision in section 2208 applies to foreign banking organizations.

The interim rule is not expected to have a significant adverse economic impact on a substantial number of small bank holding companies. Streamlining or eliminating certain procedures will improve the ability of all bank holding companies to conduct business on a more cost-efficient basis.

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
Further Board action by

11/01/96
04/00/97

61 FR 56404

TITLE:

Regulation: Y -- Bank Holding Companies and Change in Bank
Control (Docket Number: R-0936)

EFFECTS ON SMALL BUSINESS AND OTHER ENTITIES: None

AGENCY CONTACT:

Deborah M. Awai
Senior Attorney
Legal Division
202 452-3594

25.

TITLE:

Regulation: Y -- Bank Holding Companies and Change in Bank Control; Review of Restrictions in the Board's Section 20 Orders (Docket Number: R-0958)

LEGAL AUTHORITY:

12 USC 1843(c)(8)

CFR CITATION:

12 CFR 225

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 the member bank may not underwrite and deal in directly ("ineligible securities"). Beginning in 1987, the Board has issued a series of orders authorizing bank holding companies to establish "section 20 subsidiaries" to engage in underwriting and dealing in ineligible securities. In those orders, the Board established a series of prudential restrictions as conditions for approval under the Bank Holding Company Act. The restrictions are designed to prevent securities underwriting and dealing risk from being passed from a section 20 subsidiary to an affiliated insured depository institution, and thus to the federal safety net, and to mitigate the potential for conflicts of interest, unfair competition, and other adverse effects that may arise from the conduct of ineligible securities activities.

In January 1997, the Board issued for public comment a proposal to remove most of the prudential restrictions that apply to section 20 subsidiaries (62 FR 2622, January 17, 1997). The Board noted that the prudential restrictions were adopted when the Board had little experience supervising investment banks in the United States and before the existence of a number of significant protections currently in place. In view of these factors and the fact that the prudential restrictions prevent bank holding companies from reaping possible synergy gains from the operation of an investment bank, the Board proposed removing most of the prudential restrictions and retaining only those that address bank safety and soundness, significant conflicts of interest, or other concerns that are not addressed by other statutes or regulations.

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. 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 comment
Further Board action by

01/17/97
10/00/97

62 FR 2622

TITLE:

Regulation: Y -- Bank Holding Companies and Change in Bank
Control; Review of Restrictions in the Board's Section 20 Orders
(Docket Number: R-0958)

EFFECTS ON SMALL BUSINESS AND OTHER ENTITIES: None

AGENCY CONTACT:

Greg Baer
Managing Senior Counsel
Legal Division
202 452-3236

26.

TITLE:

Regulation: Z -- Truth in Lending (Docket Number: R-0960)

LEGAL AUTHORITY:

12 USC 1601 et seq

CFR CITATION:

12 CFR 226

ABSTRACT:

In January 1997, the Board approved issuing for public comment a proposal to revise the variable-rate disclosure provisions in Regulation Z (62 FR 5183, February 4, 1997). The revisions implement an amendment to the Truth in Lending Act (TILA) contained in the Economic Growth and Regulatory Paperwork Reduction Act of 1996. The TILA requires creditors to provide consumers with uniform cost and other disclosures about consumer credit transactions. The amendment applies to variable-rate loans with a term exceeding one year and secured by the consumer's principal dwelling. The amendment allows creditors either (1) to disclose an historical example of how rates tied to a particular index or formula moved over a fifteen-year period and how rate changes affected loan payments based on a \$10,000 loan or (2) to give a statement that the periodic payment may substantially increase or decrease together with a maximum interest rate and payment based on a \$10,000 loan.

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. 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

02/04/97

62 FR 5183

Further Board action by

04/00/97

EFFECTS ON SMALL BUSINESS AND OTHER ENTITIES: None

AGENCY CONTACT:

Kyung Cho-Miller

Attorney

Division of Consumer and Community Affairs

202 452-2412

27.

TITLE:

Regulation: DD -- Truth in Savings (Docket Numbers: R-0836 and 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 January 1995, the Board issued for public comment proposed amendments to Regulation DD that would produce an annual percentage yield (APY) that reflects the timing of interest payments as well as the timing of compounding. The proposal also solicits comment on an alternative method of calculating the APY (an internal rate of return formula) (60 FR 5142, January 26, 1995). The January 1995 proposal is an outgrowth of a May 1994 proposal that would have affected institutions' compounding and crediting practices in addition to changing the APY (59 FR 24378, May 11, 1994). The Board also adopted in January 1995 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, Docket Number R-0836). Public comment on the approach was solicited in a July 1994 notice extending the comment period for the May 1994 proposal (59 FR 35271, July 11, 1994). 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.

Staff has reviewed the public comments and is expected to forward the matter to the Board 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 adopted an interim rule	01/26/95	60 FR 5128
Board requested further comment	01/26/95	60 FR 5142
Further Board action by	04/00/97	

EFFECTS ON SMALL BUSINESS AND OTHER ENTITIES: Yes

TITLE:

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

AGENCY CONTACT:

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

RIN: 7100-AB80

28.

TITLE:

Rules Regarding Availability of Information (Docket Number:
R-0917)

LEGAL AUTHORITY:

5 USC 552
12 USC 248(i)
12 USC 248(k)
12 USC 321 et seq
12 USC 611 et seq
12 USC 1442
12 USC 1817(a)(2)(A)
12 USC 1817(a)(8)
12 USC 1818(u)
12 USC 1818(v)
12 USC 1821(o)
12 USC 1821(t)
12 USC 1830
12 USC 1844
12 USC 1951 et seq

CFR CITATION:

12 CFR 261

ABSTRACT:

In February 1996, the Board issued for public comment proposed amendments to its Rules Regarding Availability of Information (61 FR 7436, February 28, 1996). The proposed amendments, although primarily technical in nature, are intended to improve the Board's efficiency in processing requests for the disclosure of publicly available information as well as confidential supervisory information. It is not anticipated that the proposed amendments will have a significant economic impact on a substantial number of small entities subject to the regulation. In light of the passage of The Electronic Freedom of Information Act Amendments of 1996 and the passage of time since the Board's proposal was issued for public comment, the Board will consider revising the regulation further, as necessary, and will again issue the proposed amendments for public comment. The amendments are part of the Board's overall review of its regulations as required by section 303 of the Riegle Community Development and Regulatory Improvement Act of 1994. Further Board action is expected within the next two months.

TIMETABLE:	ACTION	DATE	FR CITE
	Board requested comment	02/28/96	61 FR 7436
	Further Board action by	04/00/97	

EFFECTS ON SMALL BUSINESS AND OTHER ENTITIES: None

AGENCY CONTACT:

Karen Appelbaum
Attorney
Legal Division
202 452-3389

RIN: 7100-AC22

Section 3
Completed Actions

29.

TITLE:

Regulation: B -- Equal Credit Opportunity (Docket Number: R-0876)

LEGAL AUTHORITY:

15 USC 1691

CFR CITATION:

12 CFR 202

ABSTRACT:

In April 1995, the Board issued for public comment a proposed amendment to Regulation B to eliminate the general prohibition on collecting data relating to an applicant's race, color, sex, religion, and national origin, giving creditors the option to ask applicants to provide the information on a voluntary basis (60 FR 20436, April 26, 1995). This amendment would allow data collection only; creditors still would be prohibited from considering an applicant's race, color, sex, religion, and national origin in their credit decisions.

In December 1996, following review of the public comments, the Board considered the proposed amendment. Given the significant policy issues involved in removing the prohibition, the Board voted to withdraw the proposed amendment pending further congressional guidance (61 FR 68688, December 30, 1996).

TIMETABLE:

ACTION	DATE	FR CITE
Board requested comment	04/26/95	60 FR 20436
Board withdrew the proposal	12/30/96	61 FR 68688

EFFECTS ON SMALL BUSINESS AND OTHER ENTITIES: None

AGENCY CONTACT:

Sheilah Goodman
Staff Attorney
Division of Consumer and Community Affairs
202 452-3667

RIN: 7100-AB99

30.

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.

Amendments to Regulation Y reflecting the statutory changes were adopted in February 1997 as part of the Board's overall review of Regulation Y under section 303 of the Riegle Community Development and Regulatory Improvement Act of 1994 (Docket Number R-0935). Similar amendments to Regulation H will be proposed by the Board in its overall review of that regulation in March 1997. 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 requested comment on Regulation Y	09/06/96	61 FR 47241
Proposal incorporated in final Regulation Y	02/19/97	
Proposal to be incorporated in proposed Regulation H	03/00/97	

EFFECTS ON SMALL BUSINESS AND OTHER ENTITIES: None

AGENCY CONTACT:

J. Ericson Heyke
Staff Attorney
Legal Division
202 452-3688

RIN: 7100-AB87

31.

TITLE:

Regulation: R -- Relations with Dealers in Securities Under Section 32, Banking Act of 1933 (Docker Number: R-0931)

LEGAL AUTHORITY:

12 USC 32

CFR CITATION:

12 CFR 218

ABSTRACT:

In June 1996, the Board approved issuing for public comment a proposal to remove Regulation R from the Code of Federal Regulations and to rescind a Board interpretation that applies the interlocks prohibitions of section 32 of the Glass-Steagall Act to bank holding companies (61 FR 34749, July 3, 1996). Section 32 prohibits officer, director, and employee interlocks between member banks and firms "primarily engaged" in underwriting and dealing in securities. Because Regulation R merely restates the statutory provisions of section 32 (and because the only exemption included in the regulation is now considered unnecessary), the Board proposed to rescind the regulation. In addition, because section 32 does not, by its terms, apply to bank holding companies, the Board proposed rescinding the interpretation applying section 32 to these companies. The Board believes that allowing bank holding companies access to a larger pool of persons from which to choose officers, directors, and employees will provide some measure of regulatory relief. In October 1996, following review of the public comments, the Board rescinded Regulation R (61 FR 57287, November 6, 1996). It is not anticipated that the proposal will have a significant economic impact on a substantial number of small entities. The review of Regulation R is part of the Board's overall review of its regulations, as required by section 303 of the Riegle Community Development and Regulatory Improvement Act of 1994.

TIMETABLE:

ACTION

DATE

FR CITE

Board requested comment

07/03/96

61 FR 34749

Board adopted proposal

11/06/96

61 FR 57287

EFFECTS ON SMALL BUSINESS AND OTHER ENTITIES: None

AGENCY CONTACT:

Thomas Corsi
Senior Attorney
Legal Division
202 452-3275

RIN: 7100-AC17

32.

TITLE:

Regulation: V -- Loan Guarantees for Defense Production (Docket Number: R-0928)

LEGAL AUTHORITY:

50 USC app, Sec 2061 et seq
EO 12919
EO 10789

CFR CITATION:

12 CFR 245

ABSTRACT:

In May 1996, as part of its regulatory review process mandated by section 303 of the Riegle Community Development and Regulatory Improvement Act of 1994, the Board approved issuing for public comment a proposal to abolish its Regulation V as obsolete (61 FR 26471, May 28, 1996). Regulation V implements the loan guarantee provisions of Title III of the Defense Production Act of 1950, as amended (the Act), by setting forth applicable procedures, forms, fees, charges, and rates of interest for such loan guarantees. In 1975, amendments to the Act made the guarantee provisions obsolete for most practical purposes, but the loan guarantee provisions were not deleted. No loan guarantees are currently outstanding and no applications for loan guarantees have been filed for several years. The proposal seeks to eliminate an obsolete regulatory provision and does not impose any substantial economic burden on small entities.

In October 1996, following review of the public comments, the Board approved a final rule repealing Regulation V (61 FR 52875, October 9, 1996).

TIMETABLE:

ACTION

DATE

FR CITE

Board requested comment	05/28/96	61 FR 26471
Board repealed the regulation	10/09/96	61 FR 52875

EFFECTS ON SMALL BUSINESS AND OTHER ENTITIES: None

AGENCY CONTACT:

Heatherun Allison
Attorney
Legal Division
202 452-3565

RIN: 7100-AC18

33.

TITLE:

Regulation: Y -- Bank Holding Companies and Change in Bank Control (Docket Number: R-0935)

LEGAL AUTHORITY:

12 USC 1841 et seq
12 USC 3106
12 USC 3108
12 USC 1817(j) (13)
12 USC 1818(b)

CFR CITATION:

12 CFR 225

ABSTRACT:

In August 1996, the Board approved issuing for public comment a comprehensive revision of Regulation Y that is intended to improve the competitiveness of bank holding companies by eliminating unnecessary regulatory burden and operating restrictions and by streamlining the application/notice process (61 FR 47241, September 6, 1996). The proposal is also part of the Board's overall review of its regulations as required by section 303 of the Riegle Community Development and Regulatory Improvement Act of 1994. Among other revisions, the Board proposed to establish a streamlined and expedited review process for bank and nonbanking proposals by well-run bank holding companies. The Board also proposed to reorganize and expand the regulatory list of nonbanking activities and to remove a number of restrictions on those activities that are outmoded, have been superseded by Board order, or do not apply to insured banks that conduct the same activity. In addition, the Board proposed several amendments to the tying restrictions, including removal of the regulatory extension of those restrictions to bank holding companies and their nonbank subsidiaries. A number of other changes have also been proposed to eliminate unnecessary regulatory burden and to streamline and modernize Regulation Y. It is expected that the proposals will result in a significant reduction in regulatory filings, in the paperwork burden and processing time associated with regulatory filings, and in the costs associated with complying with the regulation, thereby improving the ability of all bank holding companies, including small organizations, to conduct business on a more cost-efficient basis.

On February 19, 1997, following review of the public comments, the Board adopted a final rule that largely incorporated the initiatives contained in the proposed rule (Federal Register Cite unavailable). The Board did make a number of revisions in response to concerns, suggestions, and information provided by commenters, including changing in several respects the streamlined procedure governing bank acquisitions and the adoption of several measures designed to improve the public notice given of acquisition proposals.

TITLE:

Regulation: Y -- Bank Holding Companies and Change in Bank Control (Docket Number: R-0935)

TIMETABLE:

ACTION	DATE	FR CITE
Board requested comment	09/06/96	61 FR 47241
Board adopted proposals	02/19/97	

EFFECTS ON SMALL BUSINESS AND OTHER ENTITIES: None

AGENCY CONTACT:

Diane A. Koonjy
Senior Attorney
Legal Division
202 452-3274

RIN: 7100-AC19

34.

TITLE:

Regulation: CC -- Availability of Funds and Collection of Checks
(Docket Number: R-0926)

LEGAL AUTHORITY:

12 USC 4001 et seq

CFR CITATION:

12 CFR 229

ABSTRACT:

As part of its regulatory review process mandated by section 303 of the Riegle Community Development and Regulatory Improvement Act of 1994, the Board proposed clarifying and technical amendments to its Regulation CC in June 1996 (61 FR 27802, June 3, 1996). On February 26, 1997, following review of the public comments, the Board adopted final amendments with minor revisions (Federal Register cite unavailable). The amendments, which do not represent any major policy changes, address a variety of check collection issues, including the treatment of deposits received at "contractual" branches (such as affiliate banks). Many of the amendments are designed to reduce the regulatory compliance burden on banks. The amendments would apply to all depository institutions and are not expected to have a significant economic impact on small institutions.

TIMETABLE:

ACTION	DATE	FR CITE
Board requested comment	06/03/96	61 FR 27802
Board adopted amendments	02/26/97	

EFFECTS ON SMALL BUSINESS AND OTHER ENTITIES: None

AGENCY CONTACT:

Stephanie Martin
Senior Attorney
Legal Division
202 452-3198

RIN: 7100-AC20

35.

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 January 1995, the Board requested 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.

In August 1995, following review of the public comments, the Board adopted a firm closing time of 3:15 pm (ET) for transfer originations and 3:30 pm (ET) for reversals, effective January 2, 1996 (60 FR 42410, August 15, 1995).

Following further review of the public comments, the Board is expected to take further action regarding earlier opening and new service capabilities.

This proposal is being removed from the Board's Semiannual Regulatory Agenda, because it pertains to a service provided by the Board rather than a regulatory matter. Any further action on this proposal will be made public in the Federal Register.

TIMETABLE:

ACTION

DATE

FR CITE

Board requested comment

01/03/95

60 FR 123

Board adopted firm closing time

08/15/95

60 FR 42410

Proposal removed from Agenda

02/28/97

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

RIN: 7100-AB97

36.

TITLE:

Federal Reserve Payments System Risk Policy (Docket Number: R-0889)

LEGAL AUTHORITY:

12 USC 221 et seq

CFR CITATION:

None

ABSTRACT:

In August 1995, the Board requested public comment on a policy to control access to Federal Reserve Bank automated clearing house (ACH) services by entities other than the depository institutions whose Federal Reserve accounts will be debited (60 FR 42413, August 15, 1995). The proposed policy is intended to help ensure the safety and soundness of the ACH system.

The proposed policy could have a significant economic impact on a substantial number of small depository institutions that use Federal Reserve ACH services or third-party ACH service providers. The proposal would require those institutions to perform credit assessments of their corporate customers who originate ACH credit transfers, set credit limits for those customers, and transmit those limits to a monitoring facility operated by either the Federal Reserve or the third-party service provider.

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

This proposal is being removed from the Board's Semiannual Regulatory Agenda, because it pertains to a service provided by the Board rather than a regulatory matter. Any further action on this proposal will be made public in the Federal Register.

TIMETABLE:

ACTION

DATE

FR CITE

Board requested comment

08/15/95

60 FR 42413

Proposal removed from Agenda

02/28/97

EFFECTS ON SMALL BUSINESS AND OTHER ENTITIES: Yes

AGENCY CONTACT:

Scott E. Knudson

Senior Financial Services Analyst

Division of Reserve Bank Operations and Payment Systems

202 452-3959

RIN: 7100-AC04

37.

TITLE:

Revenue Limit on Bank-Ineligible Activities of Subsidiaries of Bank Holding Companies Engaged in Underwriting and Dealing in Securities (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 for subsidiaries of bank holding companies engaged, to a limited extent, in underwriting and dealing in ineligible securities ("section 20 subsidiaries") (59 FR 35516, July 12, 1994). The current test limits to 10 percent of the total revenue of a section 20 subsidiary the revenue earned by the subsidiary from ineligible securities activities. 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 July 1996, the Board again sought public comment on this docket item proposing to retain a test based on revenue but raise from 10 percent to 25 percent the limit on revenue earned by a section 20 subsidiary from ineligible securities activities (61 FR 40643, August 5, 1996). The proposal would allow section 20 subsidiaries additional flexibility in the conduct of their securities operations and arises due to (1) the Board's increased experience in reviewing and monitoring the activities and operations of section 20 subsidiaries and (2) the Board's belief that changes in the product mix that section 20 subsidiaries are permitted to offer and developments in the securities markets have affected the relationship between revenue and activity. The proposal is not expected to have a significant economic impact on small entities nor on a substantial number of small bank holding companies.

In December 1996, following review of the public comments, the Board adopted the matter substantially as proposed (61 FR 68750, December 30, 1996). In addition, the Board determined to eliminate its indexed revenue test.

TIMETABLE:

ACTION	DATE	FR CITE
Board requested comment	07/12/94	59 FR 35516
Board requested further comment	08/05/96	61 FR 40643
Board adopted proposal	12/30/96	61 FR 68750

EFFECTS ON SMALL BUSINESS AND OTHER ENTITIES: None

TITLE:

Revenue Limit on Bank-Ineligible Activities of Subsidiaries of
Bank Holding Companies Engaged in Underwriting and Dealing in
Securities (Docket Number: R-0841)

AGENCY CONTACT:

Thomas Corsi
Senior Attorney
Legal Division
202 452-3275

RIN: 7100-AB82

38.

TITLE:

Review of Restrictions on Director and Employee Interlocks, Cross-Marketing Activities and the Purchase and Sale of Financial Assets (Docket Number: R-0701)

LEGAL AUTHORITY:

12 USC 1843(c)(8)

CFR CITATION:

None

ABSTRACT:

The Board is providing a second opportunity for public comment on proposed revisions to three of the prudential limitations established in its orders under section 4(c)(8) of the Bank Holding Company Act and section 20 of the Glass-Steagall Act that permit a nonbank subsidiary of a bank holding company to underwrite and deal in securities.

In August 1996, the Board proposed to ease or eliminate the following restrictions on these so-called section 20 subsidiaries: the prohibition on director, officer, and employee interlocks between a section 20 subsidiary and its affiliated banks or thrifts (the interlocks restriction); the restriction on a bank or thrift acting as agent for, or engaging in marketing activities on behalf of, an affiliated section 20 subsidiary (the cross-marketing restriction); and the restriction on the purchase and sale of financial assets between a section 20 subsidiary and its affiliated bank or thrift (the financial assets restriction) (61 FR 40640, August 5, 1996).

The amendments are not likely to have a significant economic impact on a substantial number of small entities. Section 20 subsidiaries are generally established by the largest bank holding companies. However, it is expected that the proposed revisions will reduce cost barriers for smaller bank holding companies considering establishment of a section 20 subsidiary. Following review of the public comments, the Board repealed the cross-marketing restrictions as proposed and amended the interlocks and financial assets restrictions in ways similar to those proposed (61 FR 57679, November 7, 1996).

TIMETABLE:

ACTION	DATE	FR CITE
Board requested comment	08/05/96	61 FR 40640
Board adopted proposals	11/07/96	61 FR 57679

EFFECTS ON SMALL BUSINESS AND OTHER ENTITIES: None

AGENCY CONTACT:

Gregory Baer
Managing Senior Counsel
Legal Division
202 452-3236

RIN: 7100-AC21