BOARD OF GOVERNORS' SEMIANNUAL AGENDA OF REGULATIONS

To the Addressee:

Enclosed is a copy of the Board of Governors' Semiannual Agenda of Regulations for the period August 1, 1980 through February 1, 1981. The Semiannual Agenda provides you with information on those regulatory matters that the Board now has under consideration or anticipates considering over the next six months, and is divided into three parts: (1) regulatory matters that the Board had considered during the previous six months on which final action has been taken; (2) regulatory matters that have been proposed for public comment and that require further Board consideration; and (3) regulatory matters that the Board may consider over the next six months.

Comments regarding any of the agenda items may be submitted directly to the Board of Governors or to the Consumer Affairs and Bank Regulations Department of this Bank at any time over the next six months.

ANTHONY M. SOLOMON,
President.
FEDERAL RESERVE SYSTEM

Board of Governors of the Federal Reserve System

SEMIANNUAL AGENDA OF REGULATIONS

August 1, 1980 through February 1, 1981
FEDERAL RESERVE SYSTEM

12 CFR Ch. II

Semiannual Agenda of Regulations

AGENCY: Board of Governors of the Federal Reserve System.

ACTION: Semiannual agenda.

SUMMARY: Pursuant to the Board’s Statement of Policy Regarding Expanded Rulemaking Procedures, the Board anticipates having under consideration regulatory matters as indicated below during the period from August 1, 1980, through February 1, 1981.

DATE: Comments may be received any time during the next six months.

ADDRESS: Comments should be addressed to Theodore E. Allison, Secretary of the Board, Board of Governors of the Federal Reserve System, Washington, D.C. 20551.

FOR FURTHER INFORMATION CONTACT: (A staff contact for each item is indicated with the regulatory description below.)

SUPPLEMENTARY INFORMATION: The Board’s Semiannual Agenda is divided into three sections. Section I reports those regulatory matters from the Board’s last Semiannual Agenda (February 4, 1980 through August 1, 1980) on which final action has been taken; Section II reports on regulatory matters that have been proposed, and will involve further Board consideration; and Section III reports regulatory matters the Board may consider during the next six months. A double asterisk in Sections II and III indicates those matters listed on the Board’s previous Semiannual Agenda.

I. REGULATORY MATTERS FROM THE FEBRUARY 4 THROUGH AUGUST 1, 1980 SEMIANNUAL AGENDA ON WHICH FINAL ACTION HAS BEEN TAKEN

A. Regulatory Actions Resulting From Recent Legislation, or From Regulatory Decisions of Other Federal Agencies

1. Regulation: D (Reserves of Member Banks) Q (Interest on Deposits)

   Action Taken: In March 1980, the Board, pursuant to provisions of the International Banking Act (IBA), approved amendments to Regulations D and Q to make United States branches and agencies of foreign banks subject to reserve requirements and interest rate ceilings currently applicable to member banks (45 FR 19216, March 25, 1980). The Board’s action to implement the provisions of IBA will facilitate the conduct of monetary policy and will promote fair competition by treating branches and agencies like member banks to the fullest extent possible.


   Staff Contact: Edward C. Etting, Deputy Staff Director, Office of Staff Director for Monetary and Financial Policy (202-452-3762).

2. Regulation: I. (Management Official Interlocks)

   Action Taken: In April 1980, the Board and the other Federal agencies supervising federally insured depository institutions adopted proposed amendments to regulations under the Depository Institutions Management Interlocks Act that prohibit certain management official interlocks between depository organizations (45 FR 24384, April 9, 1980). The amendments adopted revisions that were proposed in July, 1979 that defined the term “representative or nominee” under the Act, included corporations in the definition of “person” under the Act but excluded them from the definition of “representative or nominee,” and added provisions regarding grandfather rights and changes in circumstances that would defeat such rights. The amendments did not include a provision that would have terminated the grandfather rights of a management official of a bank who becomes a management official of a one bank holding company that acquires the bank. In addition, the amendments added a provision that allows organizations experiencing the loss of half or more of their directors or management officials due to the prohibitions of the Act up to 30 months to come into compliance with the Act.


   Staff Contact: Bronwen Mason, Senior Attorney, Legal Division (202-452-3594); Melanie Fein, Attorney, Legal Division (202-452-3594).

3. Regulation: O (Loans to Executive Officers of Member Banks)

   Action Taken: In February 1979, the Board adopted regulations to implement certain additional requirements imposed on loans by member banks to certain persons under the Financial Institutions Regulatory and Interest Rate Control Act of 1978 ("FIRA") (44 FR 12939, March 9, 1979). The additional requirements relate to loans by a member bank to executive officers, directors and principal shareholders of the member bank and of its holding company affiliates. At the same time the Board invited public comment on the final regulation. In view of legislative proposals recently submitted to the Congress by the Federal Financial Institutions Examination Council to amend FIRA, further regulatory action by the Board is suspended.

   Authority: Section 22(h) of the Federal Reserve Act, 12 U.S.C. 375b.

   Staff Contact: James V. Muttingly, Assistant General Counsel, Legal Division (202-452-3430).

4. Regulation: T (Credit by Brokers and Dealers)

   Action Taken: In June 1980, the Board adopted an amendment to Regulation T to permit option specialists in certain circumstances to purchase or sell short stock underlying the options in which they specialize, with a 25 percent margin requirement (45 FR 40967, June 17, 1980).


   Staff Contact: Laura Homer, Chief Attorney; Patsy Abelle, Senior Attorney, Securities Regulations Section, Division of Banking Supervision and Regulation, (202-452-2761).

B. Actions Intended To Reduce Regulatory Burden Or To Clarify Existing Regulations

1. Regulation: Q (Interest on Deposits)

   Action Taken: In response to a request from the public, the Board has considered whether to amend Regulation Q (and Regulation D, Reserves of Member Banks) to increase the amount that business organizations may maintain in savings accounts at member banks from the present ceiling of $150,000. In considering this request, the Board determined that a change in the present ceiling is inappropriate at this time in view of the changes to reserve requirements enacted by the Monetary Control Act of 1980.

   Authority: Federal Reserve Act, 12 U.S.C. 461 (a) and (b) and 371b.

   Staff Contact: Gilbert T. Schwartz, Assistant General Counsel, Legal Division (202-452-3625).

2. Regulation: T (Credit by Brokers and Dealers)

   Action Taken: In March 1980, in response to requests from the New York Stock Exchange and the National Association of Securities Dealers, Inc. the Board adopted an amendment to Regulation T which (1) changed the time period within which deposits must be made in the margin accounts from five to seven business days; (2) allowed a self-regulatory organization (a securities
permit the postmark date to serve as evidence of timely filing of a request for an extension of time by certain broker-dealers; and (4) increased the deminimus amount which triggers regulatory action in both the margin and special cash account from $100 to $500 (45 FR 15920, March 12, 1980).

In connection with the adoption of these amendments, the Board indicated it would accept comments received were reviewed and, as no changes were deemed necessary, the amendment became effective on June 2, 1980.


**Staff Contact:** Patsy Abelle, Senior Attorney, Securities Regulation Section, Division of Banking Supervision and Regulation, (202-452-2761).

### C. Other Regulatory Activity

1. **Regulation: H (Membership of State Banking Institutions in the Federal Reserve System)**

   **Action Taken:** In April 1977, the Board issued for public comment a proposal to amend Regulation H to prohibit State member banks from purchasing loans on improved real estate or mobile homes located in flood hazard areas if the property is not covered by flood insurance (42 FR 20615, April 22, 1977). This proposal was issued under the Flood Disaster Protection Act, as amended, which presently requires flood insurance on improved real estate that secures a loan if the property is located in a flood hazard area of a community that participates in the National Flood Insurance Program. The proposal will be withdrawn in view of proposed legislation by the Federal Emergency Management Agency to amend the Flood Disaster Protection Act of 1973.

   **Authority:** Flood Disaster Protection Act, 42 U.S.C. 4012a(b) and 4128.

   **Staff Contact:** Daniel L. Rhoads, Attorney, Legal Division, (202-452-3711)

2. **Regulation: Q (Interest on Deposits)**

   **Anticipated Action:** The Board has statutory authority to prohibit unfair or deceptive acts or practices engaged in by banks. Recently, the Board's staff has reviewed practices of banks that may be regarded as unfair or deceptive, including the failure to make adequate disclosure of account terms to depositors. While no formal rulemaking is contemplated at this time, the Board has instructed the staff to continue monitoring banking practices.


   **Staff Contact:** Anthony F. Cole, Senior Attorney, Legal Division, (202-452-3612); Dolores S. Smith, Section Chief, Division of Consumer and Community Affairs, (202-452-2412).

### II. REGULATORY MATTERS THAT HAVE BEEN PROPOSED AND WILL INVOLVE FURTHER BOARD CONSIDERATION

A. **Regulatory Actions Resulting From Recent Legislation, or From Regulatory Decisions of Other Federal Agencies**

1. **Regulation: A (Extensions of Credit by Federal Reserve Banks)**

   **Action Taken:** The Monetary Control Act of 1980 provides that any depository institution that holds transaction accounts or nonpersonal time deposits that are subject to Federal Reserve requirements shall have access to the Federal Reserve discount and borrowing facilities on the same basis as banks that are members of the Federal Reserve System. In June 1980, in order to implement this provision, the Board issued for public comment proposals to revise its rules relating to the provision of Federal Reserve credit presently contained in Regulation A (45 FR 40130, June 13, 1980). Under the proposed regulation, Federal Reserve credit would be available under two basic programs—regular adjustment credit and extended credit which would include seasonal credit and special credit for institutions facing particular problems. The Board will review the comments received on the proposal and is expected to take final action during August 1980.


   **Staff Contact:** Gilbert T. Schwartz, Assistant General Counsel, Legal Division, (202-452-3625); Paul S. Pilecki, Attorney, Legal Division, (202-452-3261); Thomas D. Simpson, Senior Economist, Division of Research and Statistics, (202-452-3361).

   **3. Regulation: F (Securities of Member State Banks)**

   **Action Taken:** In December 1979, the Board issued for public comment proposed amendments to certain provisions of Regulation F concerning form and content of financial statements included in registration statements, annual reports and other periodic reports (44 FR 76551, December 27, 1979). These changes are required, in part, to make the Board's Regulation F substantially similar to regulations of the Securities and Exchange Commission. Concurrently, the proposed incorporation by reference of instructions for the preparation of supervisory financial reports is an undertaking to reduce the reporting burden of registrant banks. The Board will review the comments received on the draft amendments and is expected to take final action on the proposal during the next six months.


   **Staff Contact:** Thomas A. Sidman, Assistant Director, Division of Banking Supervision and Regulation, (202-452-3503); Richard M. Whiting, senior Attorney, Legal Division, (202-452-3779).

   **4. Regulation: K (International Banking Operations)**

   **Action Taken:** In May 1980, the Board issued for public comment proposed amendments to Regulations K and Y (Bank Holding Companies and Change in Bank Control) dealing with the permissible nonbanking activities of foreign organizations that own or control U.S. banks and foreign banks
that operate branches, agencies or commercial lending companies in the U.S. (45 FR 30082, May 7, 1980). The proposed rules would require that, in order to qualify for certain nonbanking exceptions, a foreign institution must be principally engaged in the business of banking outside the U.S. The proposals would also clarify what nonbanking activities may be conducted in the U.S. under exemptions provided by sections 2(h) and 4(c)(9) of the Bank Holding Company Act. The Board will review the comments and is expected to take action within the next six months.


**Staff Contact:** C. Keefe Hurley, Jr., Senior Counsel, Legal Division, (202-452-3269).

**5. Regulation: Y (Bank Holding Companies and Change in Bank Control)**

**Action Taken:** In February 1979, the Board adopted regulations to implement the Change in Bank Control Act, under which any person seeking to acquire control of any insured bank or bank holding company must provide 60 days' prior written notice to the appropriate Federal banking agency. At the same time the Board invited public comment on the final regulations (44 FR 7229, February 6, 1979); following review of the comments received, the Board will determine whether further action should be taken.

**Authority:** Change in Bank Control Act of 1978, 12 U.S.C. 1817(j).

**Staff Contact:** James McAfee, Senior Counsel, Legal Division, (202-452-3707); Jack M. Egertson, Assistant Director, Division of Banking Supervision and Regulation, (202-452-3408).

**6. Regulation: Z (Truth in Lending)**

**Action Taken:** In May 1980, the Board issued for public comment proposed revisions to the regulation to simplify requirements for disclosure of consumer credit cost information, to provide model disclosure forms, and to incorporate many Board and staff interpretations issued over the past twelve years (45 FR 29702, May 5, 1980). This action was taken in view of the passage of the Truth in Lending Simplification and Reform Act, which requires implementing regulations to be in place no later than April 1, 1981. The Board will review the comments received on the proposals and is expected to take further action within the next six months.

**Authority:** Title VI of the Depository Institutions Deregulation and Monetary Control Act of 1980 (Pub. L. 96-221).

**Staff Contact:** Maureen P. English, Section Chief; Ellen Maland, Section Chief, Division of Consumer and Community Affairs, (202-452-3887).

**7. Regulation: Proposal to be made part of the new Board regulations governing international banking operations (Regulation K, International Banking Operations)**

**Action Taken:** Under the International Banking Act (IBA), the Board in November 1979 issued for public comment proposals relating to the selection of a “home State” by foreign banks with U.S. offices (44 FR 62903, November 1, 1979). The IBA provides for the determination of a foreign bank’s “home State.”


**Staff Contact:** C. Keefe Hurley, Jr., Senior Counsel, Legal Division, (202-452-3269).

<table>
<thead>
<tr>
<th><strong>B. Actions Intended to Reduce Regulatory Burden or to Clarify Existing Regulations</strong></th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>1. Regulation: B (Equal Credit Opportunity)</strong></td>
</tr>
</tbody>
</table>
| **Action Taken:** In April 1979, the Board, in response to requests for clarification, requested public comment on how the specific rules of Regulation B should apply to various credit scoring practices (44 FR 23585, April 23, 1979). The Board will determine whether to publish a revised proposal for comment in August 1980 and is expected to take final action by the end of the year.

**Authority:** Section 703(a) of the Equal Credit Opportunity Act, 15 U.S.C. 1691b(a).

**Staff Contact:** Stanley D. Mabbitt, Staff Attorney, Division of Consumer and Community Affairs, (202-452-3687).

**2. Regulation: B (Equal Credit Opportunity)**

**Action Taken:** In October 1978 the Board proposed for comment several amendments to the regulation. In April of 1979 one of the proposals was adopted (44 FR 23813, April 23, 1979). The amendment clarified that persons who regularly refer consumers to creditors were subject to the general proscriptions against discrimination but were not subject to the mechanical and recordkeeping provisions of the regulation. Three proposals have yet to be acted upon. These proposals would extend recordkeeping and adverse action notification requirements to business loans of under $100,000. Inquiries as to marital status of applicants would be prohibited in all business credit applications. It is expected that these matters will be considered by the Board during the next six months.

**Authority:** Equal Credit Opportunity Act, 15 U.S.C. 1691b.

**Staff Contact:** Dolores S. Smith, Section Chief, Division of Consumer and Community Affairs, (202-452-2412).

**3. Regulation: T (Credit by Brokers and Dealers)**

**Action Taken:** In August 1979, the Board issued for public comment a proposed amendment to Regulation T to permit brokers and dealers to extend credit on fully paid for shares of open-end investment companies that are registered under the Investment Company Act of 1940. The amendment would remove the competitive disadvantages placed upon brokers and dealers as compared to banks and other lenders (44 FR 47776, August 15, 1979). Because of the restrictions contained in section 11(d)(1) of the Securities Exchange Act of 1934 a broker or dealer would not be permitted to extend credit on the initial purchase of such shares. The Board reviewed the comments received on the draft amendment in March, 1980 but deferred final action because of general credit conditions in the country.


**Staff Contact:** Laura Homer, Chief Attorney; Patsy Abbele, Senior Attorney, Securities Regulation Section, Division of Banking Supervision and Regulation, (202-452-2781).

**4. Regulation: Y (Bank Holding Companies and Change in Bank Control)**

**Action Taken:** Following a review of its policies toward foreign bank holding companies, in April 1979 the Board issued for public comment a change in the definition of “foreign bank holding company” for purposes of section 4(c)(9) of the Bank Holding Company Act and § 225.4(g) of Regulation Y (44 FR 24864, April 27, 1979). This matter has recently been included in the Board’s proposal for public comment regarding nonbanking activities of foreign bank holding companies and foreign banks (45 FR 30082, May 7, 1980).


**Staff Contact:** C. Keefe Hurley, Jr., Senior Counsel, Legal Division, (202-452-3269).
5. Regulation: Z (Truth in Lending)

Action Taken: In August 1978, the Board issued for public comment a proposed interpretation of Regulation Z regarding an interest reduction on a time deposit used to secure a loan (43 FR 38649, August 31, 1978). Under Regulation Q, Interest on Deposits, the interest rate on a loan secured by a deposit used to secure a loan (43 FR 38849, August 31, 1978). Under Regulation Q, Interest on Deposits, the interest rate paid on the deposit. Where a state usury ceiling makes it necessary for a creditor to lower the interest on the deposit in order to maintain the rate differential required by Regulation Q, the proposed interpretation would require disclosure of the reduction, but would not require the amount to be included as part of the "finance charge," the Board will consider this matter in conjunction with proposed revisions of Regulation Z now under way pursuant to the Truth in Lending Simplification and Reform Act. (See 45 FR 29702, May 5, 1980.) Final action is expected during the next six to eight months.


Staff Contact: Dolores S. Smith, Section Chief, Division of Consumer and Community Affairs, (202-452-2412).

C. Other Regulatory Activity

1. Regulation: B (Equal Credit Opportunity)

Action Taken: In July 1978, the five Federal financial regulatory agencies—Comptroller of the Currency, Federal Deposit Insurance Corporation, Federal Home Loan Bank Board, National Credit Union Administration, and the Federal Reserve Board—issued for public comment proposed uniform guidelines for enforcement of the Equal Credit Opportunity and Fair Housing Acts (43 FR 23256, July 6, 1978). The guidelines specify the kind of corrective action a creditor will be required to take for violations of the more substantive provisions of the Equal Credit Opportunity Act (Regulation B) and the Fair Housing Act. Based on the comments received, the agencies are reviewing a revised draft and further action is expected within the next six months.


Staff Contact: Jerald C. Kluckman, Associate Director, Division of Consumer and Community Affairs, (202-452-3401).

2. Regulation: J (Collection of Checks and Other Items and Transfers of Funds)

Action Taken: In November 1979, the Board issued for public comment a proposed Subpart C to Regulation J. The purpose of proposed Subpart C is to set forth a system of rights and responsibilities governing the receipt and use of Federal Reserve electronic clearing and settlement services through automated clearing houses. At the present time individual agreements are in place with each of the 36 automated clearing house associations for which the Federal Reserve provides clearing and settlement services. This proposal is needed in view of the continuing increase in the volume of ACH transactions and the benefits that would be derived from the establishment of a uniform set of rules and responsibilities applicable to all participants in Federal Reserve ACH operations. Staff is reviewing the comments received in light of the provisions of the recently enacted Depository institutions Deregulation and Monetary Control Act of 1980. The Board will consider the comments and is expected to take final action early in 1981.

Authority: Federal Reserve Act, 12 U.S.C. 248(i) and (o), 342 and 360.

Staff Contact: Lee S. Adams, Senior Attorney, Legal Division, (202-452-3623).

3. Regulation: J (Collection of Checks and Other Items and Transfers of Funds)

Action Taken: In April 1979, the Board requested public comment on the handling by Federal Reserve Banks of payment instruments that are not payable on demand (44 FR 24929, April 27, 1979). In view of the passage of the Depository Institutions Deregulation and Monetary Control Act of 1980, which provides nationwide NOW account authority beginning January 1, 1981, it is expected that at that time the Board will determine if it is appropriate to take further action on this matter.


Staff Contact: Lee S. Adams, Senior Attorney, Legal Division, (202-452-3623).

4. Regulation: K (International Banking Operations)

Action taken: In April 1980, the Board in response to inquiries from banking organizations issued for public comment a proposal concerning certain additional investments that a banking organization may make in a foreign organization without prior Board consent (45 FR 30051, May 7, 1980). The proposal clarifies certain rights of accumulation under the general consent provision and limits the amount that may be invested in one organization to 10 percent of the investing organization's capital and surplus. The Board will review the comments received on the proposal and is expected to take action within the next six months.


Staff Contact: Michael L. Kadish, Attorney, Legal Division, (202-452-3428).

5. Regulation: Y (Bank Holding Companies and Change in Bank Control)

Action Taken: In June 1980, in response to a request by a bank holding company, the Board issued for public comment a proposal to add a new nonbanking activity to the list of those permissible for bank holding companies (45 FR 44963, July 2, 1980). The proposed activity is that of performing appraisals of any type of real estate other than single-family residences. The Board also requested comments on whether certain real estate-related advisory services provided to State and local governments, are closely related to banking. The Board will review the comments received on the proposal and is expected to take final action within the next six months.

Authority: Bank Holding Company Act, 12 U.S.C. 1843(c)(8).

Staff Contact: Michael E. Bleier, Senior Counsel, Legal Division, (202-452-3721).

6. Regulation: Y (Bank Holding Companies and Change in Bank Control)

Action Taken: In March 1978 the Board issued for public comment a proposal to amend its Regulation Y relating to permissible insurance activities for bank holding companies (43 FR 14870, April 10, 1978). This proposal would conform the regulation with the Federal court decision, Alabama Association of Insurance Agents v. Board of Governors of the Federal Reserve System, 553 F. 2d 224 (5th Cir. 1976), rehearing denied, 556 F. 2d 729 (1977), cert denied 435 U.S. 904 (1978). The Board will consider taking final action on the proposal during the next six months.

Authority: Bank Holding Company Act, 12 U.S.C. 1843(c)(8).

Staff Contact: Richard M. Whiting, Senior Attorney, Legal Division (202-452-3779).

7. Regulation: Z (Truth in Lending)

Action Taken: In May 1980, the Board deferred the effective date of a revocation of an amendment and interpretation of Regulation Z that reduced the obligation of creditors to provide a right of rescission for each transaction under open-end accounts secured by consumers' residences (45 FR 33599, May 20, 1980). The revocation, which was to be effective May 31, 1980,
was deferred until the Board adopts proposed revisions to Regulation Z under the Truth in Lending Simplification and Reform Act. (See entry IIA.6.)

**Authority:** Truth in Lending Act, 15 U.S.C. Section 1604.

**Staff Contact:** Barbara Ranagan, Staff Attorney, Division of Consumer and Community Affairs (202-452-3667).

III. REGULATORY MATTERS THE BOARD MAY CONSIDER DURING THE NEXT SIX MONTHS

A. Regulatory Actions Resulting From Recent Legislation, or From Regulatory Decisions of Other Federal Agencies

1. Regulation T (Credit by Brokers and Dealers)

**Anticipated Action:** The Board will consider issuing for public comment a proposed amendment to Regulation T to provide special rules for margin on options written on Treasury or Government National Mortgage Association securities. The Securities and Exchange Commission is currently examining proposals of options exchange markets to trade options on these exempt securities. If these markets are permitted to open, rulemaking by the Board will be necessary.


**Staff Contact:** Laura Homer, Chief Attorney, Securities Regulation Section, Division of Banking Supervision and Regulation (202-452-2761).

**2. Regulation AA (Unfair or Deceptive Acts and Practices)**

**Anticipated Action:** The Board is required by the Federal Trade Commission Act to adopt a rule applicable to the acts or practices of banks that is substantially similar to a trade regulation rule adopted by the FTC prohibiting certain acts or practices of other creditors as unfair or deceptive, unless the Board finds that such acts or practices of banks are not unfair or deceptive or that implementation of a similar rule with respect to banks would seriously conflict with essential monetary and payments systems policies of the Board. In response to a proposed FTC rule (known as the "creditor holder-in-dollar-course rule") governing the preservation of consumers' claims and defenses, the Board published a comparable proposal for comment (41 FR 7110, February 17, 1976). The proposal would require the insertion in certain credit contracts of a notice preserving a consumer's claims and defenses against a seller of goods or services so that they can be raised against any holder of the contract. The FTC published a revised version of its creditor rule for comment in November 1979, and is expected to take final action in the near future. When a final FTC rule is adopted, the Board will consider publishing a new proposal for comment or taking other appropriate regulatory action.

**Authority:** Section 18(f) of Federal Trade Commission Act, 15 U.S.C. 41 et seq.

**Staff Contact:** Dolores S. Smith, Section Chief, Division of Consumer and Community Affairs (202-452-2412).

B. Actions Intended To Reduce Regulatory Burden or To Clarify Existing Regulations

**1. Regulation K (International Banking Operations)**

**Anticipated Action:** The Board will consider republishing for comment a proposal that would permit Edge Corporations to provide full banking services to a limited class of customers. Pursuant to the International Banking Act, a similar proposal was published for comment in February 1979 (44 FR 10599, February 21, 1979), to improve the competitive position of Edge Corporations.


**Staff Contact:** C. Keefe Hurley, Jr., Senior Counsel, Legal Division (202-452-3299).

2. Regulation T (Credit by Brokers and Dealers)

**Anticipated Action:** The Board will consider issuing for public comment either an amendment to the special cash account provision of Regulation T or an interpretation to facilitate the covered writing of options by institutions and other entities which are prevented by law from using margin accounts.

Because of processing delays in delivery versus payment arrangements in which escrow receipts from banks are used, brokers have asked for more flexibility than presently permitted. Lifting the Securities and Exchange Commission's moratorium on option expansion has increased the difficulties encountered by brokers, and the Board's staff has verified with banks that a problem exists.


**Staff Contact:** Laura Homer, Chief Attorney; Robert Lord, Attorney, Securities Regulation Section, Division of Banking Supervision and Regulation, (202-452-2761).

**3. Regulation Rules Regarding Availability of Information**

**Anticipated Action:** The Board will consider issuing for public comment certain amendments to its Rules Regarding Availability of Information in order to bring them into conformity with existing information disclosure law as it has developed since the regulation was last amended, and also in order to take advantage of the staff's experience working with the Freedom of Information Act.

**Authority:** Freedom of Information Act, 5 U.S.C. 552.

**Staff Contact:** Stephen L. Siciliano, Senior Counsel, Legal Division, (202-452-3920).

**4. Regulatory Improvement Project**

**Anticipated Action:** The Board's Regulatory Improvement Project involves, among other things, a substantive, zero-base review of all Federal Reserve regulations that affect the public to determine (1) the fundamental objectives of the regulation and the extent to which it is meeting current policy goals, (2) nonregulatory alternatives that would accomplish the objectives, (3) costs and benefits of the regulation, (4) unnecessary burdens imposed by the regulation, and (5) the clarity of the regulation.

The Project also assists in the evaluation and editing of changes and amendments to regulations to ensure consistency with the objectives of the basic regulation and the Project.

During the past six months, the Board took final action on the remaining provisions of revised Regulation L (Management Official Interlocks), and the last sections of new Regulation E (Electronic Fund Transfers) (45 FR 24384, April 9, 1980 and 45 FR 25379, April 15, 1980, respectively). As a consequence of the Monetary Control Act of 1980, substantive changes were proposed for Regulation A (Extensions of Credit by Federal Reserve Banks) and for Regulation D (Reserves of Member Banks) (See entries IIA.1 and 2, respectively). In addition, public comment was requested on a redrafted version of Regulation Z (Truth in Lending) that was issued in conjunction with the "Truth in Lending Simplification and Reform Act" (See entry IIA.8.). The comment period on a revised Regulation J (Collection of Checks and Other Items and Transfers of Funds) expired during this time (See entry IIC.2.).

During the next six months, the Board is expected to take final action on the proposed revision of Regulation J as well as Regulations A and D. The staff is expected to complete its review of Regulation Y (Bank Holding Companies...
and Change in Bank Control), will be analyzing the comments on Regulation Z, and will be continuing its review of the "margin credit" regulations:

1. Regulation: D (Reserves of Member Banks) Q (Interest on Deposits)

**Anticipated Action:** In response to requests from the banking community, the Board will consider issuing for public comment proposed amendments to its Regulations D and Q to permit the establishment in the United States of International Banking Facilities (IBFs) that would make loans to and accept deposits from foreign residents free of reserve requirements and interest-rate limitations. In 1978, the Board issues a press release dated December 14, 1978, on a proposal by the New York Clearing House Association to establish an IBF and invited public comment on various issues raised by the proposal.

**Authority:** Federal Reserve Act, 12 U.S.C. 461.

**Staff Contact:** Robert F. Gemmill, Associate Director, Division of International Finance, (202-452-3733); Gilbert T. Schwartz, Assistant General Counsel, Legal Division, (202-452-3625).

2. Regulation: H (Membership of State Banking Institutions in the Federal Reserve System)

**Anticipated Action:** The Board will consider issuing for public comment on amendment to Regulation H to implement section 23(e) of the Securities Exchange Act of 1934 which authorizes Federal regulatory agencies to require a bank which exercises investment discretion with respect to an account to disclose its policies and practices with respect to commissions that will be paid for effecting securities transactions. The amendment would prescribe the manner and frequency of making such disclosures by State member banks. Similar regulations are expected to be considered by the Comptroller of the Currency and the Federal Deposit Insurance Corporation.


**Staff Contact:** Robert S. Plotkin, Assistant Director, Division of Banking Supervision and Regulation, (202-452-2782); Walter R. McEwen, Attorney, Trust Activities Program, Division of Banking Supervision and Regulation, (202-452-2521).

3. Regulation: T (Credit by Brokers and Dealers)

**Anticipated Action:** In response to a request on behalf of a registered broker-dealer, the Board will consider whether it has the authority under the Securities and Exchange Act of 1934 to amend Regulation T to permit the acceptance of bank depository receipts for gold by a broker or dealer to meet the margin requirements specified by the rule. The Board will also consider a possible amendment to §220.6(j) of Regulation T regarding the use of foreign currency to meet margin requirements.


**Staff Contact:** Laura Homer, Chief Attorney; Robert Lord, Attorney, Securities Regulation Section, Division of Banking Supervision and Regulation, (202-452-2781).

4. Regulation: T (Credit by Brokers and Dealers)

**Anticipated Action:** The Board will consider issuing for public comment a proposed amendment to Regulation T dealing with back office procedures of broker-dealers. In the past the Board has considered one broker-dealer to be a customer of another broker-dealer who is extending credit to him. With certain specific exceptions in Regulation T, broker to broker transactions are subject to the same credit restraints as those applicable to an ordinary customer. The consolidation of back offices of two or more broker-dealers has given rise to several requests for an amendment to permit a consolidated back office to clear and carry each firm's securities on a non-customer basis.

Since new organizational firms are currently being formed as cost-saving mechanisms, staff has had to respond to requests for opinions as to the application of the regulation to such new entities, and further has determined there is a need for a general rule on the subject.


**Staff Contact:** Patsy Abelle, Senior Attorney, Securities Regulation Section, Division of Banking Supervision and Regulation, (202-452-2781).

Comments on this agenda should be submitted in writing to the Secretary. Board of Governors of the Federal Reserve System, Washington, D.C. 20551.


Griffith L. Garwood, Deputy Secretary of the Board.

[FR Doc. 80-23030 Filed 8-1-80: 8:45 am]

BILLING CODE 6210-01-M