



# Federal Register

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**Tuesday,  
May 27, 2003**

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**Part LVII**

## **Federal Reserve System**

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**Semiannual Regulatory Agenda**

**FEDERAL RESERVE SYSTEM (FRS)**

**FEDERAL RESERVE SYSTEM**

**12 CFR Ch. II**

**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 May 1, 2003, through October 1, 2003. The next agenda will be published in the fall of 2003.

**DATES:** Comments about the form or content of the agenda may be submitted any time during the next 6 months.

**ADDRESSES:** Comments should be addressed to Jennifer J. Johnson, 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 spring 2003 agenda as part of the Spring 2003 Unified Agenda of Federal Regulatory and Deregulatory Actions, which is coordinated by the Office of Management and Budget under Executive Order 12866. The agenda also identifies rules the Board has selected for review under section 610(c) of the Regulatory Flexibility Act, and public comment is invited on those entries.

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 6 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.

**Margaret McCloskey Shanks,**  
*Assistant Secretary of the Board.*

**Federal Reserve System—Proposed Rule Stage**

Sequence Number	Title	Regulation Identification Number
4046	Regulation: DD — Truth in Savings Act ( <b>Section 610 Review</b> ) .....	7100-AC86

**Federal Reserve System—Final Rule Stage**

Sequence Number	Title	Regulation Identification Number
4047	Regulation: B — Equal Credit Opportunity; and Regulation: Z — Truth in Lending (Docket Numbers: R-1040 and R-1043) .....	7100-AC46
4048	Regulation: E — Electronic Fund Transfers (Docket Numbers: R-0919 and R-1041) .....	7100-AC06
4049	Regulation: H — Membership of State Banking Institutions in the Federal Reserve System (Docket Number: R-1064) .....	7100-AC69
4050	Regulation: H — Membership of State Banking Institutions in the Federal Reserve System .....	7100-AC73
4051	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) .....	7100-AC13
4052	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-1087) .....	7100-AC75
4053	Regulation: H — Membership of State Banking Institutions in the Federal Reserve System; and Regulation: Y — Bank Holding Companies and Change in Bank Control, Capital Appendices ( <b>Section 610 Review</b> ) .....	7100-AC88
4054	Regulation: M — Consumer Leasing (Docket Number: R-1042) .....	7100-AC53
4055	Regulation: T — Credit by Brokers and Dealers; Regulation: U — Credit by Banks; and Regulation: X — Borrowers of Securities Credit (Docket Number: R-0995) .....	7100-AC45
4056	Regulation: V — Fair Credit Reporting (Docket Number: R-1082) .....	7100-AC68
4057	Regulation: Y — Bank Holding Companies and Change in Bank Control .....	7100-AC66
4058	Regulation: Y — Bank Holding Companies and Change in Bank Control .....	7100-AC78
4059	Regulation: Y — Bank Holding Companies and Change in Bank Control (Docket Number: R-1091) .....	7100-AC79
4060	Regulation: Y — Bank Holding Companies and Change in Bank Control (Docket Number: R-1094) .....	7100-AC81
4061	Regulation: Y — Bank Holding Companies and Change in Bank Control (Docket Number: R-1092) .....	7100-AC82
4062	Regulation: BB — Community Reinvestment (Docket Number: R-1112) ( <b>Section 610 Review</b> ) .....	7100-AC87
4063	Regulation: DD — Truth in Savings (Docket Number: R-1044) .....	7100-AC34

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## Federal Reserve System—Completed Actions

Sequence Number	Title	Regulation Identification Number
4064	Regulation: A — Extensions of Credit by Federal Reserve Banks (Docket Number: R-1123) .....	7100-AC89
4065	Regulation: B — Equal Credit Opportunity (Docket Number: R-1008) <b>(Completion of a Section 610 Review)</b> .....	7100-AC54
4066	Regulation: W — Transactions Between Banks and Their Affiliates (Docket Number: R-1103) .....	7100-AC63
4067	Misc. Interpretations: Application of Sections 23A and 23B of the Federal Reserve Act to Derivative Transactions With Affiliates and Intraday Extensions of Credit to Affiliates (Docket Number: R-1104) .....	7100-AC85

## Federal Reserve System (FRS)

## Proposed Rule Stage

**4046. REGULATION: DD — TRUTH IN SAVINGS ACT (SECTION 610 REVIEW)****Priority:** Substantive, Nonsignificant**Legal Authority:** 12 USC 4301**CFR Citation:** 12 CFR 230**Legal Deadline:** None

**Abstract:** Regulation DD, which implements the Truth in Savings Act, requires that depository institutions uniformly disclose to customers information about the terms and conditions on which interest is paid and fees are assessed on deposit accounts.

The Board has targeted Regulation DD for review to update it and to comply with provisions of section 610(c) of the Regulatory Flexibility Act of 1994. The review is expected to commence with publication of an advance notice of proposed rulemaking in second quarter 2003 and be completed in the same year.

**Timetable:**

Action	Date
Board will consider requesting comment by	06/00/03

**Regulatory Flexibility Analysis****Required:** Yes**Small Entities Affected:** Businesses**Government Levels Affected:** None

**Agency Contact:** Jane Ahrens, Senior Counsel, Federal Reserve System, Division of Consumer and Community Affairs

Phone: 202 452-3667

**RIN:** 7100-AC86

## Federal Reserve System (FRS)

## Final Rule Stage

**4047. REGULATION: B — EQUAL CREDIT OPPORTUNITY; AND REGULATION: Z — TRUTH IN LENDING (DOCKET NUMBERS: R-1040 AND R-1043)****Priority:** Substantive, Nonsignificant**Legal Authority:** 15 USC 1601 et seq; 12 USC 4301 et seq**CFR Citation:** 12 CFR 202; 12 CFR 213; 12 CFR 226; 12 CFR 230**Legal Deadline:** None

**Abstract:** In March 1998 and September 1999, the Board issued for public comment proposed rules to permit the electronic delivery of Regulation B and Regulation Z disclosures, if the consumer agrees (63 FR 14548, March 25, 1998, and 64 FR 46988, September 14, 1999). The Board also issued similar proposed rules under other consumer financial services laws administered by the Board.

The Electronic Signatures in Global and National Commerce Act (E-Sign Act),

which became effective October 1, 2000, generally governs the validity of records and signatures in electronic form. The E-Sign Act incorporated some elements of the Board's regulatory proposals governing electronic disclosures. Some provisions in the Board's proposals, however, were modified or preempted by the Act, while other provisions were not addressed by the E-Sign Act but were consistent with that Act and could be issued as final rules.

In March 2001, the Board issued interim final rules on the electronic delivery of disclosures (66 FR 17329, March 30, 2001, and 66 FR 17779, April 4, 2001). The scheduled mandatory compliance date was later lifted (66 FR 41439, August 8, 2001). Under the interim final rules, consistent with the requirements of the E-Sign Act, creditors generally must obtain consumers' affirmative consent to provide disclosures electronically. There are exceptions for certain

disclosures. The interim final rules also establish uniform requirements for the timing and delivery of electronic disclosures. The March 2001 rulemakings were published as interim final rules to allow interested persons to present new information or views not considered in previous rulemakings. The rules are not expected to have a significant economic impact on a substantial number of small business entities. Following review of the public comments, the Board will take further action.

**Timetable:**

Action	Date
Board issued proposed rules	03/25/98 63 FR 14548
Board issued revised proposed rules	09/14/99 64 FR 46988
Board issued interim final rule (Regulation Z)	03/30/01 66 FR 17329
Board issued interim final rule (Regulation B)	04/04/01 66 FR 17779

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Final Rule Stage

<b>Action</b>	<b>Date</b>
Board lifted mandatory compliance date	08/08/01 66 FR 41439
Further Board action by	07/00/03

**Regulatory Flexibility Analysis Required:** No

**Government Levels Affected:** None

**Agency Contact:** Natalie E. Taylor, Counsel, Federal Reserve System, Division of Consumer and Community Affairs

Phone: 202 452-2412

**RIN:** 7100-AC46

**4048. REGULATION: E — ELECTRONIC FUND TRANSFERS (DOCKET NUMBERS: R-0919 AND R-1041)**

**Priority:** Substantive, Nonsignificant

**Legal Authority:** 15 USC 1693 et seq

**CFR Citation:** 12 CFR 205

**Legal Deadline:** None

**Abstract:** In March 1998 and September 1999, the Board issued for public comment an interim final rule and proposed rules under Regulation E to permit the electronic delivery of disclosures, if the consumer agrees (Docket Number: R-1002; 63 FR 14528, March 25, 1998 (interim rule), and Docket Number: R-1041; 64 FR 49699, September 14, 1999). The Board also issued similar proposed rules under other consumer financial services laws administered by the Board.

The Electronic Signatures in Global and National Commerce Act (E-Sign Act), which became effective October 1, 2000, generally provides that records and signatures may not be denied legal effect solely because they are in electronic form. The E-Sign Act incorporated some elements of the Board's regulatory proposal governing electronic disclosures. Certain provisions in the Board's proposal, however, were modified or preempted by the Act, while other provisions were not addressed by the E-Sign Act but were consistent with the Act and could be issued as final rules.

In March 2001, the Board issued an interim final rule on the electronic delivery of disclosures (66 FR 17786, April 4, 2001). The scheduled mandatory compliance date was later lifted (66 FR 41439, August 8, 2001). Under the interim final rule, consistent with the requirements of the E-Sign

Act, financial institutions generally must obtain consumers' affirmative consent to provide disclosures electronically. The interim final rule also establishes uniform requirements for the timing and delivery of electronic disclosures. The March 1998 interim rule was withdrawn under the interim final rule.

The March 2001 rulemaking was published as an interim final rule to allow interested persons to present new information or views not considered in previous rulemakings. The rule is not expected to have a significant economic impact on a substantial number of small business entities. Following review of the public comments, the Board is expected to take further action.

A May 1996 Regulation E proposal to permit financial institutions to provide disclosures electronically also included proposed amendments imposing modified requirements on stored-value products in systems that track individual transactions, cards, or consumers and providing an exemption for cards on which a maximum value of \$100 can be stored (Docket Number: R-0919; 61 FR 19696, May 2, 1996); the latter proposal remains pending.

**Timetable:**

<b>Action</b>	<b>Date</b>
Board issued proposed rule on coverage of stored-value products & electronic delivery of disclosures	05/02/96 61 FR 19696
Board issued interim rule permitting electronic delivery of disclosures	03/25/98 63 FR 14528
Board issued proposed rule imposing additional requirements re: electronic delivery of disclosures	09/14/99 64 FR 49699
Board issued interim final rules	04/04/01 66 FR 17786
Board lifted mandatory compliance date of interim final rule	08/08/01 66 FR 41439
Further Board action by	07/00/03

**Regulatory Flexibility Analysis Required:** No

**Government Levels Affected:** None

**Agency Contact:** John C. Wood, Counsel, Federal Reserve System, Division of Consumer and Community Affairs

Phone: 202 452-2412

**RIN:** 7100-AC06

**4049. REGULATION: H — MEMBERSHIP OF STATE BANKING INSTITUTIONS IN THE FEDERAL RESERVE SYSTEM (DOCKET NUMBER: R-1064)**

**Priority:** Substantive, Nonsignificant

**Legal Authority:** 12 USC 335; 12 USC 1835a

**CFR Citation:** 12 CFR 208

**Legal Deadline:** None

**Abstract:** In March 2000, the Board approved an interim rule with request for public comment amending Regulation H to implement section 121 of the Gramm-Leach-Bliley Act for state member banks (65 FR 14810, March 20, 2000). Section 121 in part authorizes state member banks to control, or hold an interest in, financial subsidiaries so as to conduct certain activities that are financial in nature or incidental to a financial activity. In August 2001, following review of the public comments, the Board adopted the final rule substantially as proposed (66 FR 42929, August 16, 2001).

The Board will also consider issuing for public comment a proposed rule in place of an existing Miscellaneous Interpretation (12 CFR 250.141) relating to member bank purchases of stock in operations subsidiaries to update its provisions and conform to section 121. It is not anticipated that the proposal will have a significant economic impact on a substantial number of small entities subject to the Board's regulation.

**Timetable:**

<b>Action</b>	<b>Date</b>
Board requested comment on interim rule	03/20/00 65 FR 14810
Board adopted interim rule	08/16/01 66 FR 42929
Board will consider requesting comment on replacement rule for Miscellaneous Interpretation by	07/00/03

**Regulatory Flexibility Analysis Required:** No

**Government Levels Affected:** None

**Agency Contact:** Michael J. O'Rourke, Counsel, Federal Reserve System, Legal Division

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Final Rule Stage

Phone: 202 452-3288

RIN: 7100-AC69

**4050. REGULATION: H — MEMBERSHIP OF STATE BANKING INSTITUTIONS IN THE FEDERAL RESERVE SYSTEM****Priority:** Substantive, Nonsignificant. Major status under 5 USC 801 is undetermined.**Legal Authority:** 12 USC 1828(t)**CFR Citation:** 12 CFR 208**Legal Deadline:** None

**Abstract:** Section 204 of the Gramm-Leach-Bliley Act added a new subsection (t) to section 18 of the Federal Deposit Insurance Act requiring the Board, in consultation with the Securities and Exchange Commission, to establish recordkeeping requirements for state member banks and branches and agencies of foreign banks that rely on the exceptions from the definition of broker or dealer provided in section 3(a)(4) or (5) of the Securities Exchange Act of 1934.

The Board anticipates issuing for public comment a rule that would implement these recordkeeping requirements. The Board notes that the Securities and Exchange Commission has, by rule, delayed the effective date of the new exemptions for banks contained in section 3(a)(4) and (5) of the Securities Exchange Act of 1934, and has requested comment on rules that would provide guidance concerning the scope of their exemptions (66 FR 27760, May 18, 2001; 67 FR 67496, November 5, 2002; SEC Release No. 34-45897, May 8, 2002; SEC Release No. 34-46751, October 30, 2002). Accordingly, the Board has delayed adopting a recordkeeping rule pending action by the Securities and Exchange Commission. It is not anticipated that the Board's proposal, when issued, would have a significant economic impact on a substantial number of small entities subject to the Board's regulation.

**Timetable:**

Action	Date
Board will consider requesting comment by	06/00/03

**Regulatory Flexibility Analysis Required:** Undetermined**Government Levels Affected:** None**Agency Contact:** Kieran Fallon, Senior Counsel, Federal Reserve System, Legal Division

Phone: 202 452-5270

RIN: 7100-AC73

**4051. 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)****Priority:** Substantive, Nonsignificant**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 1823(j); 12 USC 1828(o); 12 USC 1831(o); 12 USC 1831p-1; 12 USC 3105; ...**CFR Citation:** 12 CFR 208 app A**Legal Deadline:** None

**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 identified 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 provisions in 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 and development of an interagency final rule, the Board is expected to take further action pending development of revised international standards for collateralization as part of the revision of Basel Accord.

**Timetable:**

Action	Date
Board requested comment	08/16/96 61 FR 42565
Further Board action by	12/00/03

**Regulatory Flexibility Analysis Required:** No**Government Levels Affected:** None**Agency Contact:** John Connolly, Supervisory Financial Analyst, Federal Reserve System, Division of Banking Supervision and Regulation  
Phone: 202 452-3621

RIN: 7100-AC13

**4052. 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-1087)****Priority:** Substantive, Nonsignificant**Legal Authority:** 12 USC 24; 12 USC 36; 12 USC 92a; 12 USC 93a; 12 USC 248(a); 12 USC 248(c); 12 USC 321 to 338a; 12 USC 371d; 12 USC 461; 12 USC 1817(j)(13); 12 USC 1818; 12 USC 1818(o); 12 USC 1831i; 12 USC 1831p-1; 12 USC 1843(c)(8); ...**CFR Citation:** 12 CFR 208; 12 CFR 225**Legal Deadline:** None

**Abstract:** In December 2000, the Board issued an interim rule, with request for public comment, amending Regulations H and Y to effectively reduce the capital requirement for certain securities borrowing transactions (65 FR 75856, December 5, 2000). The proposed amendments would recognize the historically low risk of these transactions and bring the capital requirements for U.S. banking organizations into better alignment with the capital requirements of other U.S. and non-U.S. regulators of financial institutions. The proposed amendments

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Final Rule Stage

would have little or no effect on small banking organizations subject to the Board's regulation, as securities borrowing activities are concentrated in a relatively small number of very large banking organizations. Following review of the public comments, the Board will take further action.

**Timetable:**

Action	Date
Board requested comment	12/05/00 65 FR 75856
Further Board action by	12/00/03

**Regulatory Flexibility Analysis****Required:** No**Government Levels Affected:** None

**Agency Contact:** David Adkins, Supervisory Financial Analyst, Federal Reserve System, Division of Banking Supervision and Regulation  
Phone: 202 452-5259

**RIN:** 7100-AC75

**4053. REGULATION: H — MEMBERSHIP OF STATE BANKING INSTITUTIONS IN THE FEDERAL RESERVE SYSTEM; AND REGULATION: Y — BANK HOLDING COMPANIES AND CHANGE IN BANK CONTROL, CAPITAL APPENDICES (SECTION 610 REVIEW)**

**Priority:** Substantive, Nonsignificant

**Legal Authority:** 12 USC 24; 12 USC 24a; 12 USC 36; 12 USC 92a; 12 USC 93a; 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; ...

**CFR Citation:** 12 CFR 208 app A; 12 CFR 208 app D; 12 CFR 208 app E; 12 CFR 225 app A; 12 CFR 225 app D; 12 CFR 225 app E

**Legal Deadline:** None

**Abstract:** The capital appendices to Regulations H and Y set forth guidelines for institutions in calculating their regulatory capital requirements, both risk-based and leveraged.

While the guidelines are continuously monitored and updated as required to reflect market innovations, accounting changes, or modifications to supervisory policy, the Board is undertaking a more comprehensive review of the guidelines to minimize regulatory burden, clarify issues arising from the Gramm-Leach-Bliley Act,

enhance the overall risk sensitivity, and to comply with provisions of section 610(c) of the Regulatory Flexibility Act of 1994. This review is proceeding in conjunction with ongoing revisions to the Basel Accord. The Board will consider requesting comment after Basel CP3 is released.

**Timetable:**

Action	Date
Board will consider requesting comment by	09/00/03

**Regulatory Flexibility Analysis****Required:** Undetermined**Government Levels Affected:** None

**Agency Contact:** Barbara Bouchard, Assistant Director, Federal Reserve System, Division of Banking Supervision and Regulation  
Phone: 202 452-3072

**RIN:** 7100-AC88

**4054. REGULATION: M — CONSUMER LEASING (DOCKET NUMBER: R-1042)**

**Priority:** Substantive, Nonsignificant**Legal Authority:** 15 USC 1667**CFR Citation:** 12 CFR 213**Legal Deadline:** None

**Abstract:** In March 1998 and September 1999, the Board issued for public comment proposed rules under Regulation M, which implements the Consumer Leasing Act, to permit the electronic delivery of disclosures, if the consumer agrees (63 FR 14538, March 25, 1998 and 64 FR 49713, September 14, 1999). The Board also issued similar proposed rules under other consumer financial services regulations administered by the Board.

The Electronic Signatures in Global and National Commerce Act (E-Sign Act), which became effective October 1, 2000, generally governs the validity of records and signatures in electronic form. The E-Sign Act incorporated some elements of the Board's regulatory proposal governing electronic disclosures. Some provisions in the Board's proposal, however, were modified or preempted by the Act, while other provisions were not addressed by the E-Sign Act but were consistent with that Act and could be issued as final rules.

In March 2001, the Board issued an interim final rule on the electronic delivery of disclosures (66 FR 17322,

March 30, 2001). The scheduled mandatory compliance date was later lifted (66 FR 41439, August 8, 2001). Under the interim final rule, consistent with the requirements of the E-Sign Act, lessors generally must obtain consumers' affirmative consent to provide disclosures electronically. There are exceptions for disclosures not deemed to relate to "transactions," such as disclosures in advertising. The interim final rule also establishes uniform requirements for the timing and delivery of electronic disclosures.

The March 2001 rulemaking was published as an interim final rule to allow interested persons to present new information or views not considered in previous rulemakings. The rule is not expected to have a significant economic impact on a substantial number of small business entities. Following review of the public comments, the Board will take further action.

**Timetable:**

Action	Date
Board issued proposed rule	03/25/98 63 FR 14538
Board issued revised proposed rule	09/14/99 64 FR 49713
Board issued interim final rule	03/30/01 66 FR 17322
Board lifted mandatory compliance date	08/08/01 66 FR 41439
Further Board action by	07/00/03

**Regulatory Flexibility Analysis****Required:** No**Government Levels Affected:** None

**Agency Contact:** Jane Ahrens, Senior Counsel, Federal Reserve System, Division of Consumer and Community Affairs  
Phone: 202 452-2412

**RIN:** 7100-AC53

**4055. REGULATION: T — CREDIT BY BROKERS AND DEALERS; REGULATION: U — CREDIT BY BANKS; AND REGULATION: X — BORROWERS OF SECURITIES CREDIT (DOCKET NUMBER: R-0995)**

**Priority:** Substantive, Nonsignificant

**Legal Authority:** 15 USC 78G, Securities Exchange Act of 1934, as amended

**CFR Citation:** 12 CFR 220; 12 CFR 221; 12 CFR 224

**Legal Deadline:** None

FRS

Final Rule Stage

**Abstract:** As part of the regular review of its regulations and in accordance with requirements of section 303 of the Riegle Community Development and Regulatory Improvement Act of 1994, and section 610(c) of the Regulatory Flexibility Act of 1994, the Board is conducting a review of its margin regulations. In order to complete this review, the Board approved issuing for public comment an advance notice of proposed rulemaking in December 1997 (63 FR 2840, January 16, 1998). The advance notice highlights issues raised by interested persons in response to previous requests for comment that had not been addressed by the Board in the course of its periodic review. It also provides an opportunity to further harmonize the treatment of bank and nonbank lenders under the revised Regulation U adopted by the Board at the same time as the advance notice. The advance notice also invites comment on all areas of the regulations.

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

**Timetable:**

Action	Date
Board requested comment	01/16/98 63 FR 2840
Further Board action by	06/00/03

**Regulatory Flexibility Analysis**

**Required:** Undetermined

**Government Levels Affected:** None

**Agency Contact:** Scott J. Holz, Senior Counsel, Federal Reserve System, Legal Division

Phone: 202 452-2966

**RIN:** 7100-AC45

**4056. REGULATION: V — FAIR CREDIT REPORTING (DOCKET NUMBER: R-1082)**

**Priority:** Substantive, Nonsignificant

**Legal Authority:** 15 USC 1681 et seq

**CFR Citation:** 12 CFR 222

**Legal Deadline:** None

**Abstract:** In 1996, the Congress amended the Fair Credit Reporting Act (FCRA) as part of the Consumer Credit Reporting Reform Act. The amendments, among other things, prohibited the federal regulatory agencies from issuing implementing regulations. In November 1999, the Congress once again amended the

FCRA as part of the Gramm-Leach-Bliley Act. The amendments lifted the prohibition and directed the Board, the Office of the Comptroller of the Currency, the Federal Deposit Insurance Corporation, and the Office of Thrift Supervision to issue implementing regulations jointly.

In October 2000, the agencies issued proposed regulations for public comment (65 FR 63120, October 20, 2000). The proposal is not expected to have a significant economic impact on a substantial number of small entities. Following review of the public comments, the agencies will take further action.

**Timetable:**

Action	Date
Board requested comment	10/20/00 65 FR 63120
Further Board action by	06/00/03

**Regulatory Flexibility Analysis**

**Required:** No

**Government Levels Affected:** None

**Agency Contact:** David Stein, Senior Attorney, Federal Reserve System, Division of Consumer and Community Affairs

Phone: 202 452-3667

**RIN:** 7100-AC68

**4057. REGULATION: Y — BANK HOLDING COMPANIES AND CHANGE IN BANK CONTROL**

**Priority:** Substantive, Nonsignificant

**Legal Authority:** 12 USC 1844(b)

**CFR Citation:** 12 CFR 225

**Legal Deadline:** None

**Abstract:** Title I of the Gramm-Leach-Bliley Act (GLB Act) makes a number of miscellaneous amendments to sections 3, 4, and 5 of the Bank Holding Company Act of 1956 (BHC Act) and adds a new section 10A to the BHC Act. These amendments, among other things, prohibit the Board from determining that new activities are closely related to banking under section 4(c)(8) of the BHC Act; streamline the Board's reporting, examination, and other supervisory authority over bank holding companies and their subsidiaries; reduce the restrictions applicable to companies that control "nonbank banks" that are exempt from the nonbanking restrictions of the BHC Act under

section 4(f) of that Act; and repeal the savings bank life insurance provisions currently set forth in section 3(g) of the BHC Act.

The Board will consider issuing for public comment amendments to Regulation Y to implement the provisions of the GLB Act affecting the BHC Act that are not addressed in proposed rules described elsewhere in the Board's agenda. 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
Board will consider requesting comment by	06/00/03

**Regulatory Flexibility Analysis**

**Required:** No

**Government Levels Affected:** None

**Agency Contact:** Kieran Fallon, Senior Counsel, Federal Reserve System, Legal Division

Phone: 202 452-5270

**RIN:** 7100-AC66

**4058. REGULATION: Y — BANK HOLDING COMPANIES AND CHANGE IN BANK CONTROL**

**Priority:** Substantive, Nonsignificant

**Legal Authority:** 12 USC 24; 12 USC 24a; 12 USC 36; 12 USC 92a; 12 USC 93a; 12 USC 248(a); 12 USC 248(c); 12 USC 321 to 338a; 12 USC 371d; 12 USC 481 to 486; 12 USC 601; 12 USC 611; 12 USC 1814; 12 USC 1816; ...

**CFR Citation:** 12 CFR 225

**Legal Deadline:** None

**Abstract:** The Board will consider issuing for public comment proposed amendments to Regulation Y that will include a series of technical changes to Regulation Y necessitated by the Gramm-Leach-Bliley Act, as well as a general reorganization of Regulation Y. The proposal should not have a significant economic impact on a substantial number of small entities.

**Timetable:**

Action	Date
Board will consider requesting comment by	07/00/03

**Regulatory Flexibility Analysis**

**Required:** No

FRS

Final Rule Stage

**Government Levels Affected:** None**Agency Contact:** Andrew S. Baer, Counsel, Federal Reserve System, Legal Division

Phone: 202 452-2246

**RIN:** 7100-AC78**4059. REGULATION: Y — BANK HOLDING COMPANIES AND CHANGE IN BANK CONTROL (DOCKET NUMBER: R-1091)****Priority:** Substantive, Nonsignificant**Legal Authority:** 12 USC 1843**CFR Citation:** 12 CFR 225.86**Legal Deadline:** None

**Abstract:** In January 2001, the Board issued for public comment a proposed rule amending Regulation Y that would define real estate brokerage and real estate management activities as financial in nature or incidental to a financial activity and therefore permissible for financial holding companies under the Board's Regulation Y (66 FR 307, January 3, 2001). The proposal would facilitate the creation of diversified financial companies that can offer "one-stop shopping" to consumers contemplating the purchase or management of real estate. The proposal is not expected to have a significant economic impact on a substantial number of small business entities. Following review of the public comments, the Board will take further action.

**Timetable:**

Action	Date
Board requested comment	01/03/01 66 FR 307
Further Board action by	06/00/03

**Regulatory Flexibility Analysis****Required:** No**Government Levels Affected:** None**Agency Contact:** Mark E. Van Der Weide, Counsel, Federal Reserve System, Legal Division  
Phone: 202 452-2263**RIN:** 7100-AC79**4060. REGULATION: Y — BANK HOLDING COMPANIES AND CHANGE IN BANK CONTROL (DOCKET NUMBER: R-1094)****Priority:** Substantive, Nonsignificant**Legal Authority:** 12 USC 1843**CFR Citation:** 12 CFR 225.86(e)**Legal Deadline:** None

**Abstract:** In December 2000, the Board, jointly with the Department of the Treasury, issued interim rules with request for public comment that implement section 4(k)(5) of the Bank Holding Company Act and section 5136A(b)(3) of the Revised Statutes, which were added by the Gramm-Leach-Bliley Act (66 FR 257, January 3, 2001). The interim rules specify three general types of activities to be financial in nature or incidental to a financial activity, and create a mechanism by which financial holding companies, financial subsidiaries of national banks, or others may request that the Board or the Secretary of the Treasury, respectively, define particular activities within one of the three categories. Such activities would therefore be permissible for financial holding companies and financial subsidiaries of national banks. The rules are not expected to have a significant economic impact on a substantial number of small entities. Following review of the public comments, the Board will take further action.

**Timetable:**

Action	Date
Board requested comment	01/03/01 66 FR 257
Further Board action by	06/00/03

**Regulatory Flexibility Analysis****Required:** No**Government Levels Affected:** None**Agency Contact:** Andrew S. Baer, Counsel, Federal Reserve System, Legal Division  
Phone: 202 452-2246**RIN:** 7100-AC81**4061. REGULATION: Y — BANK HOLDING COMPANIES AND CHANGE IN BANK CONTROL (DOCKET NUMBER: R-1092)****Priority:** Substantive, Nonsignificant**Legal Authority:** 12 USC 1843(k)**CFR Citation:** 12 CFR 225.28; 12 CFR 225.89**Legal Deadline:** None

**Abstract:** In December 2000, the Board issued for public comment a proposed rule that would allow all bank holding companies to conduct a greater amount

of nonfinancial data processing than previously authorized (65 FR 80384, December 21, 2000). The proposed rule also would allow financial holding companies, as a complementary activity, to own companies engaged in certain data processing-related activities, such as data storage and Internet and portal hosting. The Board anticipates that the proposal would allow bank holding companies to provide a wider range of financial products and services to customers and would not have a significant economic impact on a substantial number of small entities. Following review of the public comments, the Board will take further action.

**Timetable:**

Action	Date
Board requested comment	12/21/00 65 FR 80384
Further Board action by	07/00/03

**Regulatory Flexibility Analysis****Required:** Yes**Small Entities Affected:** Businesses**Government Levels Affected:** None**Agency Contact:** Kieran Fallon, Senior Counsel, Federal Reserve System, Legal Division  
Phone: 202 452-5270**RIN:** 7100-AC82**4062. REGULATION: BB — COMMUNITY REINVESTMENT (DOCKET NUMBER: R-1112) (SECTION 610 REVIEW)****Priority:** Substantive, Nonsignificant**Legal Authority:** 12 USC 2901**CFR Citation:** 12 CFR 228**Legal Deadline:** None

**Abstract:** In 1995, the Board issued Regulation BB which implements the Community Reinvestment Act (CRA). Substantially similar regulations were issued by the Office of the Comptroller of the Currency (OCC), the Federal Deposit Insurance Corporation (FDIC), and the Office of Thrift Supervision (OTS). The goal of these regulations was to achieve more objective performance-based CRA examinations and to minimize burden. At the time these regulations were issued, the agencies committed to conducting a 2002 comprehensive review of the regulations' effectiveness in achieving this goal.



## FRS

## Final Rule Stage

In July 2001, the Board, the OCC, FDIC, and OTS issued an advance notice of proposed rulemaking (ANPR) (66 FR 37602, July 19, 2001). The notice identifies key issues in addition to requesting comment generally on potential revisions to the regulation. The Board is also reviewing the regulation in accordance with requirements of section 610(c) of the Regulatory Flexibility Act of 1994.

The first issue presented in the ANPR is whether any change to the regulation is necessary and warranted, in light of the burden that change would entail. Other issues include: the effectiveness of the evaluation methods set forth in the regulations; the effectiveness of the requirement that large financial institutions collect and report data on small business, small farm, and community development lending; and whether the regulations have provided a reasonable and sufficient standard for designating the communities within which a financial institution's activities will be evaluated during a CRA examination.

It is not anticipated that any rule proposed for public comment would 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.

**Timetable:**

Action	Date
Board requested comment	07/19/01 66 FR 37602
Further Board action by	06/00/03

**Regulatory Flexibility Analysis****Required:** Yes**Small Entities Affected:** Businesses**Government Levels Affected:** None**Agency Contact:** Dan Sokolov, Attorney, Federal Reserve System,

Division of Consumer and Community Affairs  
Phone: 202 452-2412

**RIN:** 7100-AC87**4063. REGULATION: DD — TRUTH IN SAVINGS (DOCKET NUMBER: R-1044)****Priority:** Substantive, Nonsignificant**Legal Authority:** 12 USC 4301 et seq**CFR Citation:** 12 CFR 230**Legal Deadline:** None

**Abstract:** In March 1998 and September 1999, the Board issued for public comment proposed rules and an interim rule under Regulation DD, which implements the Truth in Savings Act (TISA), to permit the electronic delivery of disclosures, if the consumer agrees (63 FR 14533, March 25, 1998, and 64 FR 49740, September 14, 1999). The interim rule permits the electronic delivery of TISA disclosures provided on periodic statements. The Board also issued similar proposed rules under other consumer financial services laws administered by the Board.

The Electronic Signatures in Global and National Commerce Act (E-Sign Act), which became effective October 1, 2000, generally governs the validity of records and signatures in electronic form. The E-Sign Act incorporated some elements of the Board's regulatory proposal governing electronic disclosures. Certain provisions in the Board's proposal, however, were modified or preempted by the Act, while other provisions were not addressed by the E-Sign Act but were consistent with that Act and could be issued as final rules.

In March 2001, the Board issued an interim final rule on the electronic delivery of disclosures (66 FR 17795, April 4, 2001). The scheduled mandatory compliance date was later lifted (66 FR 41439, August 8, 2001).

Under the interim final rule, consistent with the requirements of the E-Sign Act, depository institutions generally must obtain consumers' affirmative consent to provide disclosures electronically. There are exceptions for disclosures not deemed to relate to "transactions," such as disclosures in advertising. The interim final rule also establishes uniform requirements for the timing and delivery of electronic disclosures. The 1999 interim rule permitting electronic delivery of Regulation DD disclosures on periodic statements was withdrawn under the interim final rule.

The March 2001 rulemaking was published as an interim final rule to allow interested persons to present new information or views not considered in previous rulemakings. The rule is not expected to have a significant economic impact on a substantial number of small business entities. Following review of the public comments, the Board will take further action.

**Timetable:**

Action	Date
Board issued proposed rule	03/25/98 63 FR 14533
Board issued revised proposed rule and interim rule	09/14/99 64 FR 49740
Board issued interim final rule	04/04/01 66 FR 17795
Board lifted mandatory compliance date	08/08/01 66 FR 41439
Further Board action by	06/00/03

**Regulatory Flexibility Analysis****Required:** No**Government Levels Affected:** None**Agency Contact:** Jane Ahrens, Senior Counsel, Federal Reserve System, Division of Consumer and Community Affairs

Phone: 202 452-2412

**RIN:** 7100-AC34

## Federal Reserve System (FRS)

## Completed Actions

**4064. REGULATION: A — EXTENSIONS OF CREDIT BY FEDERAL RESERVE BANKS (DOCKET NUMBER: R-1123)****Priority:** Substantive, Nonsignificant**Legal Authority:** 12 USC 248(i)-(j); 12 USC 343 et seq; 12 USC 347; 12 USC

347a; 12 USC 347c; 12 USC 348 et seq; 12 USC 357; 12 USC 374; 12 USC 374a; 12 USC 461; ...

**CFR Citation:** 12 CFR 201**Legal Deadline:** None

**Abstract:** The Board adopted substantially as proposed a rule that restructures the credit programs that Reserve Banks make available to depository institutions. Primary and secondary credit, which are available at above-market rates with minimal

## FRS

## Completed Actions

administrative burden, replace the adjustment and extended credit programs. These two new programs should eliminate the concerns that previously have discouraged depository institutions from going to the discount window during tight money markets when obtaining Federal Reserve credit would be appropriate. The new lending framework also should allow the Federal Reserve to respond more quickly to liquidity strains during national emergencies. The Board did not change the seasonal credit program.

**Timetable:**

Action	Date
Board requested comment	05/24/02 67 FR 36544
Board adopted proposal	10/31/02 67 FR 67777
Effective date	01/09/03

**Regulatory Flexibility Analysis****Required:** No**Government Levels Affected:** None

**Agency Contact:** Adrienne G. Threatt, Senior Attorney, Federal Reserve System, Legal Division  
Phone: 202 452-3554

**RIN:** 7100-AC89**4065. REGULATION: B — EQUAL CREDIT OPPORTUNITY (DOCKET NUMBER: R-1008) (COMPLETION OF A SECTION 610 REVIEW)****Priority:** Substantive, Nonsignificant**Legal Authority:** 15 USC 1691**CFR Citation:** 12 CFR 202**Legal Deadline:** None

**Abstract:** In 1998, the Board targeted Regulation B, which implements the Equal Credit Opportunity Act (ECOA), for a review to update the regulation. The ECOA makes it unlawful for creditors to discriminate against an applicant, in any aspect of a credit transaction, on the basis of race, color, religion, national origin, gender, marital status, age, and other specified bases.

On February 19, 2003, after a multiyear review of the regulation, the Board approved a final rule amending Regulation B which included two significant revisions. First, creditors may collect and use information about the personal characteristics of applicants to “self-test” for compliance with the ECOA. A self-test must meet the standards set by the regulation; if

the standards are met the self-test may be privileged. This data collection is an exception to the regulation’s general rule that prohibits creditors from asking applicants for information about their national origin, religion, gender, color, and race in connection with applications for nonmortgage credit. Second, creditors are required to retain certain records relating to prescreened solicitations for 25 months. The purpose of the recordkeeping requirement is to allow review and analysis of creditors’ possible use of race, age, national origin, and other prohibited bases of credit discrimination in a manner that might circumvent or evade the ECOA.

In addition to the two major revisions, technical revisions to Regulation B and revisions to the official staff commentary to the regulation were made. The changes are effective April 15, 2003; however, to allow time for any necessary operational changes, the mandatory compliance date is April 15, 2004. The Board did not adopt the proposal to extend the record retention period for most business credit applications from 12 months to 25 months.

Based on the regulatory flexibility analysis, it is not expected that the final rule will have a significant impact on small entities. Although there would be a new disclosure requirement for creditors that request information about applicant characteristics for the purpose of “self-testing” for compliance with the ECOA, such data collection is voluntary. Further, a model form has been provided to ease compliance. Moreover, with regard to the new requirement to retain certain records for preapproved credit solicitations, many institutions already retain some of the preapproved credit solicitation information being sought for business reasons. In addition, compliance burdens should be minimized by the fact that creditors may use a variety of methods, such as electronic storage, to retain records.

**Timetable:**

Action	Date
Board requested comment on advance notice	03/12/98 63 FR 12326
Board requested comment on proposed rule	08/16/99 64 FR 44582

Action	Date
Board approved final rule	02/19/03

**Regulatory Flexibility Analysis Required:** Yes**Small Entities Affected:** Businesses**Government Levels Affected:** None

**Agency Contact:** Natalie E. Taylor, Counsel, Federal Reserve System, Division of Consumer and Community Affairs

Phone: 202 452-2412

**RIN:** 7100-AC54**4066. REGULATION: W — TRANSACTIONS BETWEEN BANKS AND THEIR AFFILIATES (DOCKET NUMBER: R-1103)****Priority:** Substantive, Nonsignificant**Legal Authority:** 12 USC 371c; 12 USC 371c-1**CFR Citation:** 12 CFR 223**Legal Deadline:** None

**Abstract:** In October 2002, the Board issued a new regulation (Regulation W) to implement sections 23A and 23B of the Federal Reserve Act (67 FR 76570, October 31, 2002). Sections 23A and 23B regulate transactions between insured depository institutions and their affiliates. The regulation codifies existing interpretations and adds new interpretations and exemptions. The proposal also codifies treatment of derivatives and intra-day credit exposures between insured depository institutions and their affiliates.

**Timetable:**

Action	Date
Board requested comment	05/11/01 66 FR 24186
Board adopted proposal	10/31/02 67 FR 76560
Effective date	04/01/03

**Regulatory Flexibility Analysis Required:** Yes**Small Entities Affected:** Businesses**Government Levels Affected:** None

**Agency Contact:** Pamela G. Nardolilli, Senior Counsel, Federal Reserve System, Legal Division  
Phone: 202 452-3289

**RIN:** 7100-AC63

## FRS

## Completed Actions

**4067. MISC. INTERPRETATIONS: APPLICATION OF SECTIONS 23A AND 23B OF THE FEDERAL RESERVE ACT TO DERIVATIVE TRANSACTIONS WITH AFFILIATES AND INTRADAY EXTENSIONS OF CREDIT TO AFFILIATES (DOCKET NUMBER: R-1104)****Priority:** Substantive, Nonsignificant**Legal Authority:** 12 USC 371c(f); 12 USC 371c-1(e)**CFR Citation:** 12 CFR 250.247**Legal Deadline:** None

**Abstract:** The Gramm-Leach-Bliley Act (GLB Act) required the Board to adopt, by May 12, 2001, final rules under section 23A to address credit exposures arising out of derivative transactions between insured depository institutions and their affiliates and intraday extensions of credit by insured depository institutions to their affiliates as covered transactions. In May 2001, the Board adopted interim final rules pursuant to the amendments to section 23A contained in the GLB Act and

requested public comment on the rules (66 FR 24229, May 11, 2001).

The interim rule requires that an institution establish and maintain policies and procedures reasonably designed to manage the credit exposure arising from the institution's derivative transactions with affiliates and clarifies that institution-affiliate derivative transactions are subject to the market terms requirement of section 23B. The policies and procedures must at a minimum provide for monitoring and controlling the credit exposure arising from the institution's derivative transactions with each affiliate and all affiliates in the aggregate, and ensure that the institution's derivative transactions with affiliates comply with section 23B. The intraday credit rule also requires insured depository institutions to have policies and procedures in place and clarifies that the transactions are subject to section 23B.

Although the proposal was not expected to have a significant economic impact on small institutions, the Board

specifically requested comments on the likely burden the rule would impose. Following review of the public comments, this interim final rule was adopted substantially as proposed in the final rule of Regulation W, (67 FR 76560, October 31, 2002).

**Timetable:**

Action	Date
Board requested comment	05/11/01 66 FR 24229
Board adopted proposal	10/31/02 67 FR 76560
Effective date	04/01/03

**Regulatory Flexibility Analysis****Required:** Yes**Small Entities Affected:** Businesses**Government Levels Affected:** None

**Agency Contact:** Mark E. Van Der Weide, Counsel, Federal Reserve System, Legal Division  
Phone: 202 452-2263

**RIN:** 7100-AC85

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