



# fed LETTER

Colorado ★ Kansas ★ Missouri ★ Nebraska ★ New Mexico ★ Oklahoma ★ Wyoming

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FEDERAL RESERVE BANK of KANSAS CITY

## NEW PUBLICATION ANALYZES POLITICAL HISTORY OF THE FED

Questions are often asked about the role and relationships between the political elements of the Federal Reserve and its independence. A new publication from the Kansas City Fed provides an overview on the history of those issues.

*[The Balance of Power: The Political Fight for an Independent Central Bank, 1790-Present](#)* was produced by the Bank's Public Affairs Department and details the challenges faced by central banking since the country's beginnings. The book was created to help Federal Reserve Bank directors, who are responsible for the governance of their districts and the guardianship of the Federal Reserve System.

## REGION'S MANUFACTURING SHOWING SIGNS OF REBOUND

Tenth District manufacturing activity showed signs of a rebound in June, and firms' expectations for future factory activity were generally positive, according to the latest [Survey of Tenth District Manufacturing](#). Price indexes in the survey edged up slightly after months of decline.

The monthly survey monitors manufacturing plants selected according to geographic distribution, industry mix and size. Survey results reveal changes in several indicators of manufacturing activity—including production and shipments—and identify changes in prices of raw materials and finished products.

## COMMUNITY DEVELOPMENT SITE HIGHLIGHTS RESEARCH, PRESENTATIONS AND MORE

The Kansas City Fed's Community Development Department has updated its [website](#) to provide the latest research, reports and presentations from the department's staff. Visitors to the site can also use [Fed in Print](#), a new service that enables searches for articles throughout the Federal Reserve System. Searches can be performed by topic, author, date of publication and Reserve Bank. Fed in Print is a service from the Federal Reserve Bank of San Francisco.

*MAIN STREET ECONOMIST*  
EXPLORES RURAL CREDIT  
CONDITIONS

A steep recession and financial meltdown have led to tight credit markets in rural America, according to the latest issue of the *Main Street Economist*. Economist Brian Briggeman explores how credit conditions are evolving for rural business owners, shedding light on current credit markets and providing rural business owners information they can use to identify when credit markets turn.

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REGULATORY  
DEVELOPMENTS  
*New information complements  
PSR policy revisions*

The Federal Reserve has prepared [information](#) outlining planned enhancements to its collateral and information systems and procedures that complements revisions to the payment system risk (PSR) policy scheduled for late 2010 or early 2011.

This document provides the following information:

- A high-level description of the current processes and time needed to pledge, revalue and withdraw collateral for each pledging arrangement;
- Outlines the planned enhancements; and
- Highlights changes that may have implications to depository institutions' internal systems.

Updates and other supplementary information will become available leading up to implementation of the revised policy. Stay tuned through [FedLetter](#) and the [Federal Reserve System's Discount Window and PSR website](#) for more information. Questions can be submitted via e-mail to [frbdiscountwindow@chi.frb.org](mailto:frbdiscountwindow@chi.frb.org).

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*2009 list of distressed or under-  
served nonmetropolitan middle-  
income areas released*

The federal bank and thrift regulatory agencies have announced the availability of the 2009 list of distressed or underserved nonmetropolitan middle-income geographies in which revitalization or stabilization activities will receive Community Reinvestment Act consideration as "community development."

These geographies are designated by the agencies in accordance with the agencies' CRA regulations. The designations reflect local economic conditions, including such triggers as unemployment, poverty and population changes. As with past releases, the 2009 list will incorporate a one-year lag period for geographies designated as distressed or underserved in 2008, but not designated as such in the 2009 release. Geographies subject to this one-year lag period are eligible to receive consideration for community development activities for 12 months after publication of the 2009 list.

The 2009 list and lists from previous years can be found on the [Federal Financial Institutions Examination Council website](#), along with data-source information used to generate the list of distressed or underserved geographies.

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*Answers to frequently asked questions on identity theft rules available*

Six federal regulatory agencies released a set of **frequently asked questions** (FAQs) on identity theft rules on June 11. The agencies' staff jointly developed answers to these FAQs to provide guidance on numerous aspects of the "Red Flags and Address Discrepancy Rules" issued on Nov. 9, 2007.

The FAQs provide guidance on several topics, including:

- The types of entities and accounts that are covered;
- Establishment and administration of an Identity Theft Prevention Program;
- Addressing validation requirements applicable to card issuers; and
- The obligations of users of consumer reports upon receiving a notice of address discrepancy.

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