- Access to money markets and other sources of funding.
- The level of diversification of funding sources, both on- and off-balance sheet.
- The degree of reliance on short-term, volatile sources of funds, including borrowings and brokered deposits.
- The trend and stability of deposits.
- The ability to securitize and sell certain pools of assets.
- The competence of management to properly identify, measure, monitor and control the institution's liquidity position, including the effectiveness of funds management strategies, liquidity policies, management information systems, and contingency funding plans.
- Compliance with applicable laws and regulations.

Ratings

1. A rating of 1 indicates a strong liquidity position and well-developed funds management practices after consideration of risk and other factors. The institution has reliable access to a sufficient volume of liquidity to meet present and anticipated liquidity needs. Access to external sources of funds is on favorable terms.

2. A rating of 2 indicates satisfactory levels of liquidity and risks, but modest weaknesses may be evident in quantitative measures of liquidity or in funds management practices given risk exposures.

3. A rating of 3 denotes liquidity and risk levels or funds management practices in need of improvement. Institutions rated 3 for liquidity may lack ready access to funds on reasonable terms and may evidence significant weaknesses in funds management practices given risk exposures.

4. A rating of 4 represents a deficient liquidity and risk position for current and anticipated needs and inadequate funds management practices. Institutions so rated may not be able to obtain funds from traditional funding sources to meet risk exposures.

5. A rating of 5 indicates a liquidity and risk position so critically deficient that the continued viability of the institution is threatened. Institutions rated 5 for liquidity require immediate external financial assistance to meet maturing obligations and other liquidity needs.

Sensitivity to Market Risks

The sensitivity to market risks component reflects the degree to which changes in interest rates, foreign exhchange rates, or commodity or equity prices can affect a financial institution's assets, earnings, liabilities and capital values. The capacity of management to identify, measure, monitor and control market risk exposure is also a factor that should be considered. Market risks encompass interest rate risk, price risk, and foreign exchange risk. The primary element considered in evaluating market risks is the sensitivity of assets, liabilities, off-balance sheet commitments, and earnings to variability in interest rates. This vulnerability is measured by potential changes in earnings or economic value of capital under an appropriate range of economic scenarios. When significant to an institution, consideration should also be given to the price risk related to trading and investment portfolios. If applicable, the foreign exchange risk to assets, earnings, and capital should also be considered because of the periodic revaluation of financial positions denominated in foreign currencies into U.S. dollar equivalents.

Market risks are rated based on an assement of the following, as appropriate:

- The sensitivity of the financial institutions's net earnings or the economic value of its capital to changes in interest rates under varying scenarios and stress environments.
- The volume, composition, and volatility of any foreign exchange or other trading positions taken by the financial institutions.
- The actual or potential volatility of earnings or capital because of any change in market valuation of trading portfolios or financial instruments.
- The ability of management to identify, measure, monitor and control exposure to interest rate risk, as well as price and foreign exchange risk where applicable and material to an institution.

Ratings

1. A rating of 1 indicates minimal exposure to interest rate, price or foreign exchange risk. Institutions rated 1 have limited exposure to interest rate and other market risks and have strong management systems in place to identify, measure, monitor and control these risks.

2. A rating of 2 is indicative of moderate and controlled exposure to interest rate, price or foreign exchange risk. Management systems are satisfactory, and ensure that market risks are maintained at an acceptable level.

3. A rating of 3 indicates that one or more elements of this component are in need of improvement. A 3 rating may reflect an elevated level of interest rate sensitivity or exposure. It may also indicate significant foreign exchange or repricing exposures which subject earnings and capital to a moderate level of volatility. Management systems for market risks may reflect weaknesses and need improvement.

4. A rating of 4 reflects a financial institution that exhibits exposures to market risks that may erode earnings and threaten solvency. A 4 rating indicates an inordinate exposure to changes in interest rates, or to foreign exchange revaluation or other repricing effects. Management systems for market risks are deficient.

5. A rating of 5 reflects a financial institution with extreme interest rate, foreign exchange, or price risk exposure constituting a critical deficiency, and the continued viability of the institution is threatened.

[End of proposed text of Uniform Financial Institution Rating System.]

Keith J. Todd,

Assistant Excecutive Secretary, Federal Financial Institutions Examination Council.

[FR Doc. 96–18187 Filed 7–17–96; 8:45 am]

BILLING CODE OCC: 4810–33–M (25%); Board: 6210–01–M (25%); FDIC: 6714–01–M (25%); OTS: 6720–01–M (25%)

FEDERAL HOUSING FINANCE BOARD

Sunshine Act Meeting; Announcing an Open Meeting of the Board

TIME AND DATE: 10:00 a.m., Thursday, July 25, 1996.

PLACE: Board Room, Second Floor, Federal Housing Finance Board, 1777 F Street, N.W., Washington, D.C. 20006.

STATUS: The entire meeting will be open to the public.

MATTERS TO BE CONSIDERED DURING PORTIONS OPEN TO THE PUBLIC:

- Repeal of Section 934.6 (Budgets) of the Finance Board's Regulations.
- Procedures for Resolution of Outstanding Examination or Supervisory Issues.
- Adoption of Proposed FHLBank System Compensation Regulation.
- 1996 Federal Home Loan Bank Incentive Compensation Plan.
- FHLBank Directors' Compensation Expenses—Final Rule.

CONTACT PERSON FOR MORE INFORMATION: Elaine L. Baker, Secretary to the Board, (202) 408–2837.

Rita I. Fair,

Managing Director.

[FR Doc. 96–18413 Filed 7–16–96; 2:18 pm]

BILLING CODE 6725–01–P

FEDERAL RESERVE SYSTEM

Formations of, Acquisitions by, and Mergers of Bank Holding Companies

The companies listed in this notice have applied to the Board for approval, pursuant to the Bank Holding Company Act of 1956 (12 U.S.C. 1841 *et seq.*) (BHC Act), Regulation Y (12 CFR Part 225), and all other applicable statutes and regulations to become a bank holding company and/or to acquire the assets or the ownership of, control of, or the power to vote shares of a bank or bank holding company and all of the banks and nonbanking companies owned by the bank holding company, including the companies listed below.

The applications listed below, as well as other related filings required by the Board, are available for immediate inspection at the Federal Reserve Bank indicated. Once the application has been accepted for processing, it will also be available for inspection at the offices of the Board of Governors. Interested persons may express their views in writing on the standards enumerated in the BHC Act (12 U.S.C. 1842(c)). If the proposal also involves the acquisition of a nonbanking company, the review also includes whether the acquisition of the nonbanking company complies with the standards in section 4 of the BHC Act, including whether the acquisition of the nonbanking company can ''reasonably be expected to produce benefits to the public, such as greater convenience, increased competition, or gains in efficiency, that outweigh possible adverse effects, such as undue concentration of resources, decreased or unfair competition, conflicts of interests, or unsound banking practices'' (12 U.S.C. 1843). Any request for a hearing must be accompanied by a statement of the reasons a written presentation would not suffice in lieu of a hearing, identifying specifically any questions of fact that are in dispute, summarizing the evidence that would be presented at a hearing, and indicating how the party commenting would be aggrieved by approval of the proposal. Unless otherwise noted, nonbanking activities will be conducted throughout the United States.

Unless otherwise noted, comments regarding each of these applications must be received at the Reserve Bank indicated or the offices of the Board of Governors not later than August 12, 1996.

A. Federal Reserve Bank of Dallas (Genie D. Short, Vice President) 2200 North Pearl Street, Dallas, Texas 75201-2272:

1. National Bancshares Corporation of Texas, Laredo, Texas; and NBT of Delaware, Inc., Wilmington, Delaware, to acquire 100 percent of the voting shares of Luling Bancshares, Inc., Luling, Texas, and thereby indirectly acquire First National Bank, Luling, Texas.

Board of Governors of the Federal Reserve System, July 12, 1996.

Jennifer J. Johnson

Deputy Secretary of the Board

[FR Doc. 96-18153 Filed 7-17-96; 8:45 am]

BILLING CODE 6210-01-F

Formations of, Acquisitions by, and Mergers of Bank Holding Companies

The companies listed in this notice have applied to the Board for approval, pursuant to the Bank Holding Company Act of 1956 (12 U.S.C. 1841 *et seq.*) (BHC Act), Regulation Y (12 CFR Part 225), and all other applicable statutes and regulations to become a bank holding company and/or to acquire the assets or the ownership of, control of, or the power to vote shares of a bank or bank holding company and all of the banks and nonbanking companies owned by the bank holding company, including the companies listed below.

The applications listed below, as well as other related filings required by the Board, are available for immediate inspection at the Federal Reserve Bank indicated. Once the application has been accepted for processing, it will also be available for inspection at the offices of the Board of Governors. Interested persons may express their views in writing on the standards enumerated in the BHC Act (12 U.S.C. 1842(c)). If the proposal also involves the acquisition of a nonbanking company, the review also includes whether the acquisition of the nonbanking company complies with the standards in section 4 of the BHC Act, including whether the acquisition of the nonbanking company can ''reasonably be expected to produce benefits to the public, such as greater convenience, increased competition, or gains in efficiency, that outweigh possible adverse effects, such as undue concentration of resources, decreased or unfair competition, conflicts of interests, or unsound banking practices'' (12 U.S.C. 1843). Any request for a hearing must be accompanied by a statement of the reasons a written presentation would not suffice in lieu of a hearing, identifying specifically any questions of fact that are in dispute, summarizing the evidence that would be presented at a hearing, and indicating how the party commenting would be aggrieved by approval of the proposal. Unless otherwise noted, nonbanking activities will be conducted throughout the United States.

Unless otherwise noted, comments regarding each of these applications must be received at the Reserve Bank indicated or the offices of the Board of Governors not later than August 13, 1996.

A. Federal Reserve Bank of St. Louis (Randall C. Sumner, Vice President) 411 Locust Street, St. Louis, Missouri 63166:

1. The Landrum Company, Columbia, Missouri; to acquire 100 percent of the voting shares of First Heritage National Bank, Ada, Oklahoma, a *de novo* bank.

B. Federal Reserve Bank of San Francisco (Kenneth R. Binning, Director, Bank Holding Company) 101 Market Street, San Francisco, California 94105:

1. Cal Fed Bancorp Inc., Los Angeles, California; to become a bank holding company by acquiring 100 percent of the voting shares of First Citizens Bank, Sherman Oaks, California, and also to retain ownership of California Federal Bank, FSB, Los Angeles, California, and thereby engage in the activity of operating a savings association, pursuant to § 225.25(b)(9) of the Board's Regulation Y, and to retain ownership of the following direct and indirect subsidiaries of this institution: Cal Fed Credit, Inc., Rosemead, California, and thereby engage in making home equity loans, pursuant to § 225.25(b)(1) of the Board's Regulation Y; Cal Fed Credit of Texas, Inc., Irving, Texas, and thereby engage in holding automobile loans, pursuant to § 225.25(b)(1) of the Board's Regulation Y; CalFed Investment Corp., Los Angeles, California, and thereby engage in holding mortgage loans, pursuant to § 225.25(b)(1) of the Board's Regulation Y; Cal Fed Insurance Agency, Inc., Los Angeles, California, and thereby engage in providing credit related insurance, pursuant to § 225.25(b)(8)(i)&(ii) of the Board's Regulation Y; Cal Fed Investment Services, Los Angeles, California, and thereby engage in securities brokerage services, pursuant to § 225.25(b)(15)(i) of the Board's Regulation Y; Cal Fed Mortgage Company, Los Angeles, California, and thereby engage in holding mortgage loans, pursuant to § 225.25(b)(1) of the Board's Regulation Y; Cal Fed Service Corporation, Los Angeles, California, and thereby engage in mortgage loan servicing, pursuant to § 225.25(b)(1) of the Board's Regulation Y. Cal Fed Bancorp, Inc. also has proposed to retain the following subsidiaries: Cal Fed Enterprises, Los Angeles, California; CFE Portrero Corporation, Los Angeles, California;