

with the standards of section 4 of the BHC Act.

Unless otherwise noted, comments regarding the applications must be received at the Reserve Bank indicated or the offices of the Board of Governors not later than July 30, 1997.

A. Federal Reserve Bank of New York (Betsy Buttrill White, Senior Vice President) 33 Liberty Street, New York, New York 10045-0001:

1. *Royal Bank of Canada*, Toronto, Canada; to acquire RBC Dominion Securities Corporation, New York, New York, and thereby engage in acting as a futures commission merchant for unaffiliated persons in the execution, clearance, or execution and clearance of any futures contract and options on a futures contract traded on an exchange in the United States or abroad, pursuant to § 225.28(b)(7) of the Board's Regulation Y; in providing to customers as agent transactional services with respect to swaps and similar transactions, pursuant to § 225.28(b)(8) of the Board's Regulation Y; acting as agent with respect to bank eligible securities, and any other transaction involving a forward contract, option, futures, option on a futures or similar contract relating to a commodity that is traded on an exchange, pursuant to § 225.28(b)(7) of the Board's Regulation Y; in engaging as principal in Foreign Exchange; Forward Contracts, options, futures, options on futures, swaps, and similar contracts, whether traded on exchanges or not, based on any rate, price, financial asset (including gold, silver, platinum, palladium, copper, or any other metal approved by the Board), nonfinancial asset, or group of assets, other than a bank ineligible security, pursuant to § 225.28(b)(8) of the Board's Regulation Y. These proposed activities will be conducted worldwide.

B. Federal Reserve Bank of Atlanta (Lois Berthaume, Vice President) 104 Marietta Street, N.W., Atlanta, Georgia 30303-2713:

1. *P.C.B. Bancorp, Inc.*, Largo, Florida; to acquire Anchor Savings Bank, F.S.B., St. Petersburg, Florida, and thereby engage in operating a savings association, pursuant to § 225.28(b)(4) of the Board's Regulation Y. The proposed activity will be conducted throughout the state of Florida. Comments on this proposal must be received by August 8, 1997.

C. Federal Reserve Bank of Kansas City (D. Michael Manies, Assistant Vice President) 925 Grand Avenue, Kansas City, Missouri 64198-0001:

1. *Citizens Bancshares Company*, Chillicothe, Missouri; to engage in a joint venture with John Birchfield and Debbie Keele, and thereby engage in the

purchase and servicing of accounts receivable, pursuant to § 225.28(b)(1) of the Board's Regulation Y.

Board of Governors of the Federal Reserve System, July 10, 1997.

Jennifer J. Johnson,

Deputy Secretary of the Board.

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FEDERAL RESERVE SYSTEM

Federal Open Market Committee; Domestic Policy Directive of May 20, 1997

In accordance with § 271.5 of its rules regarding availability of information (12 CFR part 271), there is set forth below the domestic policy directive issued by the Federal Open Market Committee at its meeting held on May 20, 1997.¹ The directive was issued to the Federal Reserve Bank of New York as follows:

The information reviewed at this meeting suggests that growth in economic activity has slowed after surging in late 1996 and earlier this year. Private nonfarm payroll employment increased at a considerably reduced pace over March and April, but the civilian unemployment rate fell appreciably to 4.9 percent in April. Industrial production was flat in April following sizable gains over previous months. Nominal retail sales were unchanged in March and declined in April after a considerable advance in earlier months. Housing activity in March and April was little changed from other recent months. Available indicators point to further sizable gains in business fixed investment. The nominal deficit on U.S. trade in goods and services widened substantially in January-February from its temporarily depressed rate in the fourth quarter. Underlying price inflation has remained subdued.

Market interest rates generally have posted small mixed changes since the Committee meeting on March 25, 1997; share prices in equity markets have risen considerably. In foreign exchange markets, the trade-weighted value of the dollar in terms of the other G-10 currencies declined on balance over the intermeeting period.

Growth of M2 and M3 was brisk over March and April, boosted by a buildup

¹ Copies of the Minutes of the Federal Open Market Committee meeting of May 20, 1997, which include the domestic policy directive issued at that meeting, are available upon request to the Board of Governors of the Federal Reserve System, Washington, D.C. 20551. The minutes are published in the Federal Reserve Bulletin and in the Board's annual report.

in household balances to cover unusually large tax payments. For the year through April, both aggregates expanded at rates appreciably above the upper bounds of their respective ranges for the year. Growth in total domestic nonfinancial debt has moderated over recent months, reflecting reductions in federal government borrowing.

The Federal Open Market Committee seeks monetary and financial conditions that will foster price stability and promote sustainable growth in output. In furtherance of these objectives, the Committee at its meeting in February established ranges for growth of M2 and M3 of 1 to 5 percent and 2 to 6 percent respectively, measured from the fourth quarter of 1996 to the fourth quarter of 1997. The monitoring range for growth of total domestic nonfinancial debt was set at 3 to 7 percent for the year. The behavior of the monetary aggregates will continue to be evaluated in the light of progress toward price level stability, movements in their velocities, and developments in the economy and financial markets.

In the implementation of policy for the immediate future, the Committee seeks to maintain the existing degree of pressure on reserve positions. In the context of the Committee's long-run objectives for price stability and sustainable economic growth, and giving careful consideration to economic, financial, and monetary developments, somewhat greater reserve restraint would or slightly lesser reserve restraint might be acceptable in the intermeeting period. The contemplated reserve conditions are expected to be consistent with some moderation in the expansion of M2 and M3 over coming months.

By order of the Federal Open Market Committee, July 9, 1997.

Donald L. Kohn,

Secretary, Federal Open Market Committee.

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FEDERAL RESERVE SYSTEM

Sunshine Act Meeting

AGENCY HOLDING THE MEETING: Board of Governors of the Federal Reserve System.

TIME AND DATE: 11:00 a.m., Monday, July 21, 1997.

PLACE: Marriner S. Eccles Federal Reserve Board Building, C Street entrance between 20th and 21st Streets, N.W., Washington, D.C. 20551.

STATUS: Closed.