First Commerce Corporation, New Orleans, Louisiana, and thereby indirectly acquire First National Bank of Commerce, New Orleans, Louisiana; City National Bank of Baton Rouge, Baton Rouge, Louisiana; Rapides Bank & Trust Company in Alexandria, Alexandria, Louisiana; The First National Bank of Lafayette, Lafayette, Louisiana; The First National Bank of Lake Charles, Lake Charles, Louisiana; Central Bank, Monroe, Louisiana; and First United Bank of Farmerville, Farmerville, Louisiana.

In connection with this application, Applicant also has applied to acquire First Commerce Service Corporation, New Orleans, Louisiana, and thereby engage in providing data processing and data transmission services, facilities, data bases, advice and access to such services, facilities, pursuant to § 225.28(b)(14) of the Board's Regulation Y.

B. Federal Reserve Bank of St. Louis (Randall C. Sumner, Vice President) 411 Locust Street, St. Louis, Missouri 63102-2034:

1. First United Bancshares, Inc., El Dorado, Arkansas; to merge with First Republic Bancshares, Inc., Rayville, Louisiana, and thereby indirectly acquire First Republic Bank, Rayville, Louisiana.

2. Unity Bancshares, L.L.C., St. John, Missouri; to become a bank holding company by acquiring 60.1 percent of the voting shares of St. Johns Bancshares, Inc., St. John, Missouri, and thereby indirectly acquire St. Johns Bank and Trust Company, St. John, Missouri.

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

1. AmCorp Financial Inc., Ardmore, Oklahoma; to acquire 100 percent of the voting shares of First State Bank, Morton, Texas. In addition, the bank's main office will be relocated to Keller, Texas, and the bank will be renamed American Bank, Keller, Texas.

Board of Governors of the Federal Reserve System, January 22, 1998.

Jennifer J. Johnson,

Deputy Secretary of the Board.

[FR Doc. 98–1938 Filed 1–26–98; 8:45 am]

BILLING CODE 6210-01-F

FEDERAL RESERVE SYSTEM

Notice of Proposals to Engage in Permissible Nonbanking Activities or to Acquire Companies that are Engaged in Permissible Nonbanking Activities

The companies listed in this notice have given notice under section 4 of the Bank Holding Company Act (12 U.S.C. 1843) (BHC Act) and Regulation Y, (12 CFR Part 225) to engage *de novo*, or to acquire or control voting securities or assets of a company that engages either directly or through a subsidiary or other company, in a nonbanking activity that is listed in § 225.28 of Regulation Y (12 CFR 225.28) or that the Board has determined by Order to be closely related to banking and permissible for bank holding companies. Unless otherwise noted, these activities will be conducted throughout the United States.

Each notice is available for inspection at the Federal Reserve Bank indicated. The notice also will be available for inspection at the offices of the Board of Governors. Interested persons may express their views in writing on the question whether the proposal complies 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 February 20, 1998.

A. Federal Reserve Bank of Richmond (A. Linwood Gill III, Assistant Vice President) 701 East Byrd Street, Richmond, Virginia 23261-4528:

1. City Holding Company, Charleston, West Virginia; to acquire Del Amo Savings Bank, F.S.B., Torrance, California, and thereby engage in operating a savings and loan association, pursuant to § 225.28(b)(4)(ii) of the Board's Regulation Y.

Board of Governors of the Federal Reserve System, January 21, 1998.

Jennifer J. Johnson,

Deputy Secretary of the Board.

[FR Doc. 98–1825 Filed 1–26–98; 8:45 am]

BILLING CODE 6210-01-F

FEDERAL RESERVE SYSTEM

Sunshine Act Meeting

TIME AND DATE: 12:00 noon, Monday, February 2, 1998.

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

STATUS: Closed.

MATTERS TO BE CONSIDERED:

1. Federal Reserve Bank and Branch director appointments. (This item was originally announced for a closed meeting on January 14, 1998.)

2. Personnel actions (appointments, promotions, assignments, reassignments, and salary actions) involving individual Federal Reserve System employees.

3. Any matters carried forward from a previously announced meeting.

CONTACT PERSON FOR MORE INFORMATION: Joseph R. Coyne, Assistant to the Board; 202–452–3204.

SUPPLEMENTARY INFORMATION: You may call 202–452–3206 beginning at approximately 5 p.m. to business days before the meeting for a recorded announcement of bank and bank holding company applications scheduled for the meeting; or you may contact the Board's Web site at http://www.bog.frb.fed.us for an electronic announcement that not only lists applications, but also indicates procedural and other information about the meeting.

Dated: January 23, 1998.

Jennifer J. Johnson,

Deputy Secretary of the Board.

[FR Doc. 98–2112 Filed 1–23–98; 3:32 pm]

BILLING CODE 6210–01–P

FEDERAL RESERVE SYSTEM

Differences in Capital and Accounting Standards Among the Federal Banking and Thrift Agencies; Report to Congressional Committees

AGENCY: Board of Governors of the Federal Reserve System (FRB).

ACTION: Notice of report to the Committee on Banking, Housing, and Urban Affairs of the United States Senate and to the Committee on Banking and Financial Services of the United States House of Representatives.

SUMMARY: This report was prepared by the FRB pursuant to section 121 of the Federal Deposit Insurance Corporation Improvement Act of 1991 (12 U.S.C. 1831n(c)). Section 121 requires each Federal banking and thrift agency to report annually to the above specified Congressional Committees regarding any differences between the accounting or capital standards used by such agency and the accounting or capital standards used by other banking and thrift agencies. The report must be published in the **Federal Register**.

FOR FURTHER INFORMATION CONTACT: Gerald A. Edwards, Deputy Associate Director (202/452–2741), Norah Barger, Assistant Director (202/452–2402),

Barbara Bouchard, Manager (202/452–3072), or Arthur Lindo, Supervisory Financial Analyst (202/452–2695), Division of Banking Supervision and Regulation. For the hearing impaired *only*, Telecommunication Device for the Deaf (TDD), Diane Jenkins (202/452–3544), Board of Governors of the Federal Reserve System, 20th & C Street, NW, Washington, DC 20551.

SUPPLEMENTARY INFORMATION: The text of the report follows:

Report to the Congressional Committees Regarding Differences in Capital and Accounting Standards Among the Federal Banking and Thrift Agencies

Introduction and Overview

This is the eighth annual report [1] on the differences in capital standards and accounting practices that currently exist among the three banking agencies (the Board of Governors of the Federal Reserve System (FRB), the Office of the Comptroller of the Currency (OCC), and the Federal Deposit Insurance Corporation (FDIC) and the Office of Thrift Supervision (OTS).[2]

Overview

As stated in the previous reports to Congress, the three bank regulatory agencies have, for a number of years, employed a common regulatory framework that establishes minimum capital adequacy ratios for commercial banking organizations. In 1989, all three banking agencies and the OTS adopted a risk-based capital framework that was based upon the international capital accord (Basle Accord) developed by the Basle Committee on Banking Regulations and Supervisory Practices (Basle Supervisors Committee) and endorsed by the central bank governors of the G–10 countries.

The risk-based capital framework establishes minimum ratios of capital to risk-weighted assets. The Basle Accord requires banking organizations to have total capital (Tier 1 plus Tier 2) equal to at least 8 percent and Tier 1 capital equal to at least 4 percent of risk-weighted assets. Tier 1 capital includes common stock and surplus, retained earnings, qualifying perpetual preferred stock and surplus, and minority interest in consolidated subsidiaries, less disallowed intangibles such as goodwill. Tier 2 capital includes certain supplementary capital items such as general loan loss reserves, subordinated debt, and certain other preferred stock and convertible debt capital instruments, subject to appropriate limitations and conditions. The amount of Tier 2 includable in regulatory capital is limited to 100 percent of Tier 1. In addition, institutions that incorporate market risk exposure into their risk-based capital requirements may use ''Tier 3'' capital (i.e., short-term subordinated debt with certain restrictions on repayment provisions) to support their exposure to market risk. Tier 3 capital is limited to approximately 70 percent of an institution's measure for market risk. Risk-weighted assets are calculated by assigning risk weights of zero, 20, 50, and 100 percent to broad categories of assets and off-balance sheet items based upon their relative credit risk. The OTS has adopted a risk-based capital standard that in most respects is similar to the framework adopted by the banking agencies. Differences between the OTS capital rules and those of the banking agencies are noted elsewhere in this report.

The measurement of capital adequacy in the present framework is mainly directed toward assessing capital in relation to credit risk. In December 1995, the G–10 Governors endorsed an amendment to the Basle Accord that will, beginning in January 1998, require internationally-active banks to measure and hold capital to support their market risk exposure. Specifically, banks will be required to hold capital against their exposure to general market risk associated with changes in interest rates, equity prices, exchange rates, and commodity prices, as well as for exposure to specific risk associated with equity positions and certain debt positions in the trading portfolio. The FRB, FDIC, and OCC issued in August 1996 amendments to their respective risk-based capital standards that implemented the market risk amendment to the Accord. The banking agencies' amendments contain a threshold amount of trading activity: institutions with trading assets and liabilities greater than or equal to 10 percent of assets or trading assets and liabilities greater than or equal to $1 billion are required to apply the market risk rules. The OTS did not amend its capital rules in this regard since savings institutions do not have such significant levels of trading activity.

In addition to the risk-based capital requirements, the agencies also have established leverage standards setting forth minimum ratios of capital to total assets. The three banking agencies employ uniform leverage standards, while the OTS has established, pursuant to FIRREA, a somewhat different standard. On October 27, 1997, the agencies issued for public comment a proposal that would eliminate these differences.

All of the agencies view the risk-based capital standards as a minimum supervisory benchmark. In part, this is because the risk-based capital framework focuses primarily on credit risk; it does not take full or explicit account of certain other banking risks, such as exposure to changes in interest rates. The full range of risks to which depository institutions are exposed are reviewed and evaluated carefully during on-site examinations. In view of these risks, most banking organizations are expected to, and generally do, maintain capital levels well above the minimum risk-based and leverage capital requirements.

The staffs of the agencies meet regularly to identify and address differences and inconsistencies in their capital standards. The agencies are committed to continuing this process in an effort to achieve full uniformity in their capital standards. In addition, the agencies have considered the remaining differences as part of a regulatory review undertaken to comply with Section 303 of the Riegle Community Development and Regulatory Improvement Act of 1994 (Riegle Act), which specifies that the agencies ''make uniform all regulations and guidelines implementing common statutory or supervisory policies.''

Efforts To Achieve Uniformity

Leverage Capital Ratios

The three banking agencies employ a leverage standard based upon the common definition of Tier 1 capital contained in their risk-based capital guidelines. These standards, established in the second half of 1990 and in early 1991, require the most highly-rated institutions to meet a minimum Tier 1 capital ratio of 3 percent. For all other institutions, these standards generally require an additional cushion of at least 100 to 200 basis points, i.e., a minimum leverage ratio of at least 4 to 5 percent, depending upon an organization's financial condition. As required by FIRREA, the OTS has established a 3

[1] The first two reports prepared by the Federal Reserve Board were made pursuant to section 1215 of the Financial Institutions Reform, Recovery, and Enforcement Act of 1989 (FIRREA). The subsequent reports were made pursuant to section 121 of the Federal Deposit Insurance Corporation Improvement Act of 1991 (FDICIA), which superseded section 1215 of FIRREA.

[2] At the federal level, the Federal Reserve System has primary supervisory responsibility for state-chartered banks that are members of the Federal Reserve System, as well as for all bank holding companies and certain operations of foreign banking organizations. The FDIC has primary responsibility for state nonmember banks and FDIC-supervised savings banks. National banks are supervised by the OCC. The OTS has primary responsibility for savings and loan associations.

percent core capital ratio and a 1.5 percent tangible capital leverage requirement for thrift institutions. Certain adjustments discussed in this report apply to the core capital definition used by savings associations.

On October 27, 1997, the four agencies issued a proposal for public comment addressing the leverage standards (62 FR 55686). Under the proposal, institutions rated a composite 1 under the Uniform Financial Institutions Rating System (UFIRS)[3] would be subject to a minimum 3.0 percent leverage ratio and all other institutions would be subject to a minimum 4.0 percent leverage ratio. This change would simplify and streamline the Board's, FDIC's, and OCC's leverage rules. In addition, changes proposed by the OTS, if adopted, would make all the agencies' rules uniform. The comment period for the proposal ended on December 26, 1997. Agency staffs intend to issue a final amendment in early 1998.

Efforts to Incorporate Non-Credit Risks

The Federal Reserve has been working with the other U.S. banking agencies and with regulatory authorities abroad to develop methods of measuring certain market and price risks and determining appropriate capital standards for these risks. These efforts have related to interest rate risk arising from all activities of a bank and to market risk associated principally with an institution's trading activities.

Regarding domestic efforts, the banking agencies have, for several years, been working to develop capital standards pertaining to interest rate risk. In June 1996, the U.S. banking agencies issued a joint policy statement describing a common framework for the supervision of interest rate risk in banking organizations. It calls for a review of the qualitative characteristics and adequacy of an institution's interest rate risk management, as well as an assessment of risk relative to its earnings and the economic value of its capital. The framework is consistent with 1995 revisions to the U.S. risk-based capital rules that incorporated the exposure of that economic value to changes in interest rates as an important element in the evaluation of capital adequacy. In September 1997, the Basle Supervisors Committee, with the agreement of the G–10 governors, released a paper, based on the U.S. joint policy statement, that contains a set of principles for the management of interest rate risk.

In 1995 the Basle Supervisors Committee issued an amendment to the Basle Accord that requires internationally-active banks to hold capital against market risk exposure. The FRB, FDIC and OCC amended their respective risk-based capital guidelines in 1996 to implement the amendment to the Accord. Under the agencies' guidelines, affected institutions must use an internal value-at-risk model to measure market risk and calculate corresponding capital requirements. The market risk rules become mandatory for certain institutions in January 1998. The OTS does not intend, at this time, to issue a rule on market risk since the savings institutions they supervise do not have significant levels of trading activity.

As mentioned in the introduction, the agencies have been meeting to fulfill the requirements of Section 303 of the Riegle Act that calls for uniform rules and guidelines. In this regard, in October 1997, the agencies issued for public comment a proposal that would eliminate existing minor differences among the agencies' risk-based capital treatment for the following assets: presold residential properties, junior liens on 1- to 4-family residential properties, and banks' holdings of mutual funds. In addition, the agencies worked together on the following capital issues.

Recourse

The agencies published in the **Federal Register** on November 5, 1997, (62 FR 5994), uniform, proposed rules that would use credit ratings to match the risk-based capital assessment more closely to an institution's relative risk of loss in certain asset securitizations.

Unrealized Gains on Certain Equity Securities

In October 1997 the agencies issued for public comment an interagency proposal that would permit institutions to include in Tier 2 capital up to 45 percent of unrealized gains on certain available-for-sale equity securities (62 FR 55682).

Capital Impact of Recent Changes to Accounting Standards

From time to time, the Financial Accounting Standards Board (FASB) issues new and modified financial accounting standards. The adoption of some of these standards for regulatory reporting purposes has the potential of affecting the definition and calculation of regulatory capital. Accordingly, the staffs of the agencies work together to propose uniform regulatory capital responses to such accounting changes. Over this past year, the agencies have dealt with certain capital effects of Statement of Financial Accounting Standard (FAS) No. 125, *''Accounting for Transfers and Servicing of Financial Assets and Extinguishments of Liabilities''* which supersedes FAS No. 122, *''Accounting for Mortgages Servicing Rights.'' FAS 125, ''Accounting for Transfers and Servicing of Financial Assets and Extinguishments of Liabilities.''*

The agencies issued a proposal on August 4, 1997, to amend their capital standards to address the treatment of servicing assets on both mortgage assets and financial assets other than mortgages (62 FR 42006). The public comment period ended on October 3, 1997. The proposed rule reflects changes in accounting standards for servicing assets made in FAS 125. FAS 125 extended the accounting treatment for mortgage servicing to servicing on all financial assets. The proposed amendment would raise the capital limitation on the sum of all mortgage servicing assets and purchased credit card relationships from 50 percent of Tier 1 capital to 100 percent of Tier 1 capital. Furthermore, servicing assets on financial assets other than mortgages would be deducted from Tier 1 capital. A final rule should be in place in the first part of 1998.

Capital Differences

Differences among the risk-based capital standards of the OTS and the three banking agencies are discussed below.

Certain Collateral Transactions

The four agencies, on August 16, 1996, published a joint proposed rulemaking that would, if implemented, eliminate capital differences among the agencies' risk-based capital treatment for collateralized transactions (61 FR 42565).

The Federal Reserve permits certain collateralized transactions to be risk-weighted at zero percent. This preferential treatment is available only for claims fully collateralized by cash on deposit in the bank or by securities issued or guaranteed by OECD central governments or U.S. government agencies. A positive margin of collateral must be maintained on a daily basis fully taking into account any change in the banking organization's exposure to the obligor or counterparty under a claim in relation to the market value of the collateral held in support of that claim. Other collateralized claims, or

[3] The UFIRS is used by supervisors to summarize their evaluations of the strength and soundness of financial institutions in a comprehensive and uniform manner.

portions thereof, are risk-weighted at 20 percent.

The OCC permits portions of claims collateralized by cash or OECD government securities to receive a zero percent risk weight, provided that the collateral is marked to market daily and a positive margin is maintained. The FDIC's and OTS's rules permit portions of claims collateralized by cash or OECD government securities to receive a 20 percent risk weight.

Under the agencies' proposed rule, portions of claims collateralized by cash or OECD government securities could be assigned a zero percent risk weight, provided the transactions meet certain criteria, which would be uniform among the agencies. Agency staffs intend to finalize the outstanding proposal in early 1998.

FSLIC/FDIC—Covered Assets (Assets Subject to Guarantee Arrangements by the FSLIC or FDIC)

The three banking agencies generally place these assets in the 20 percent risk category, the same category to which claims on depository institutions and government-sponsored agencies are assigned. The OTS places these assets in the zero percent risk category.

Limitation of Subordinated Debt and Limited-life Preferred Stock

The three banking agencies limit the amount of subordinated debt and limited-life preferred stock that may be included in Tier 2 capital to 50 percent of Tier 1 capital. In addition, maturing capital instruments must be discounted by 20 percent in search of the last five years prior to maturity. The OTS has no limitation on the total amount of limited-life preferred stock or maturing capital instruments that may be included within Tier 2 capital. In addition, the OTS allows savings institutions the option of: (1) discounting maturing capital instruments issued on or after November 7, 1989, by 20 percent a year over the last 5 years of their term; or (2) including the full amount of such instruments provided that the amount maturing in any of the next seven years does not exceed 20 percent of the thrift's total capital.

Subsidiaries

Consistent with the Basle Accord and long-standing supervisory practices, the three banking agencies generally consolidate all significant majority-owned subsidiaries of the parent organization for capital purposes. This consolidation assures that the capital requirements are related to all of the risks to which the banking organization is exposed. As with most other bank subsidiaries, banking and finance subsidiaries generally are consolidated for regulatory capital purposes. However, in cases where banking and finance subsidiaries are not consolidated, the Federal Reserve, consistent with the Basle Accord, generally deducts investments in such subsidiaries in determining the adequacy of the parent bank's capital.

The Federal Reserve's risk-based capital guidelines provide a degree of flexibility in the capital treatment of unconsolidated subsidiaries (other than banking and finance subsidiaries) and investments in joint ventures and associated companies. For example, the Federal Reserve may deduct investments in such subsidiaries from an organization's capital, may apply an appropriate risk-weighted capital charge against the proportionate share of the assets of the entity, may require a line-by-line consolidation of the entity, or otherwise may require that the parent organization maintain a level of capital above the minimum standard that is sufficient to compensate for any risk associated with the investment.

The guidelines also permit the deduction of investments in subsidiaries that, while consolidated for accounting purposes, are not consolidated for certain specified supervisory or regulatory purposes. For example, the Federal Reserve deducts investments in, and unsecured advances to, Section 20 securities subsidiaries from the parent bank holding company's capital. The FDIC accords similar treatment to securities subsidiaries of state nonmember banks established pursuant to Section 337.4 of the FDIC regulations.

Similarly, in accordance with Section 325.5(f) of the FDIC regulations, a state nonmember bank must deduct investments in, and extensions of credit to, certain mortgage banking subsidiaries in computing the parent bank's capital. The Federal Reserve does not have a similar requirement with regard to mortgage banking subsidiaries. The OCC does not have requirements dealing specifically with the capital treatment of either mortgage banking or securities subsidiaries. The OCC, however, does reserve the right to require a national bank, on a case-by-case basis, to deduct from capital investments in, and extensions of credit to, any nonbanking subsidiary.

The deduction of investments in subsidiaries from the parent's capital is designed to ensure that the capital supporting the subsidiary is not also used as the basis of further leveraging and risk-taking by the parent banking organization. In deducting investments in, and advances to, certain subsidiaries from the parent's capital, the Federal Reserve expects the parent banking organization to meet or exceed minimum regulatory capital standards without reliance on the capital invested in the particular subsidiary. In assessing the overall capital adequacy of banking organizations, the Federal Reserve may also consider the organization's fully consolidated capital position.

Under the OTS capital guidelines, a distinction, mandated by FIRREA, is drawn between subsidiaries that are engaged in activities permissible for national banks and subsidiaries that are engaged in ''impermissible'' activities for national banks. Subsidiaries of thrift institutions that engage only inpermissible activities are consolidated on a line-by-line basis if majority-owned and on a pro rata basis if ownership is between 5 and 50 percent. As a general rule, investments, including loans, in subsidiaries that engage in impermissible activities are deducted in determining the capital adequacy of the parent.

Mortgage-Backed Securities (MBS)

The three banking agencies, in general, place privately-issued MBS in a risk category appropriate to the underlying assets but in no case to the zero percent risk category. In the case of privately-issued MBS where the direct underlying assets are mortgages, this treatment generally results in a risk weight of 50 percent or 100 percent. Privately-issued MBS that have government agency or government-sponsored agency securities as their direct underlying assets are generally assigned to the 20 percent risk category.

The OTS assigns privately-issued high quality mortgage-related securities to the 20 percent risk category. These are, generally, privately-issued MBS with AA or better investment ratings.

Both the banking and thrift agencies automatically assign to the 100 percent risk weight category certain MBS, including interest-only strips, residuals, and similar instruments that can absorb more than their pro rata share of loss.

Agricultural Loan Loss Amortization

In the computation of regulatory capital, those banks accepted into the agricultural loan loss amortization program pursuant to Title VIII of the Competitive Equality Banking Act of 1987 are permitted to defer and amortize losses incurred on agricultural loans between January 1, 1984 and December 31, 1991. The program also applies to losses incurred between January 1, 1983 and December 31, 1991, as a result of reappraisals and sales of

agricultural Other Real Estate Owned (OREO) and agricultural personal property. These loans must be fully amortized over a period not to exceed seven years and, in any case, must be fully amortized by year-end 1998. Savings institutions are not eligible to participate in the agricultural loan loss amortization program established by this statute.

Treatment of Junior Liens on 1- to 4-Family Residential Properties

In some cases, a banking organization may make two loans on a single residential property, one secured by a first lien, the other by a second lien. In such a situation, the Federal Reserve views these two transactions as a single lien, provided there are no intervening liens. The total amount of these transactions would be assigned to either the 50 percent or the 100 percent risk category depending upon whether certain other criteria are met.

One criterion is that the loan must be made in accordance with prudent underwriting standards, including an appropriate ratio of the current loan balance to the value of the property (the loan-to-value ratio or LTV). When considering whether a loan is consistent with prudent underwriting standards, the Federal Reserve evaluates the LTV ratio based on the combined loan amount. If the combined loan amount satisfies prudent underwriting standards, both the first and second lien are assigned to the 50 percent risk category. The FDIC also combines the first and second liens to determine the appropriateness of the LTV ratio, but it applies the risk weights differently than the Federal Reserve. If the LTV ratio based on the combined loan amount satisfies prudent underwriting standards, the FDIC risk weights the first lien at 50 percent and the second lien at 100 percent, otherwise both liens are risk weighted at 100 percent. The OCC treats all first and second liens separately, with qualifying first liens risk weighted at 50 percent and non-qualifying first liens and all second liens risk weighted at 100 percent. The OTS has interpreted its rule to treat first and second liens to a single borrower as a single extension of credit, similar to the Federal Reserve.

Under the proposal issued by the agencies in October 1997, the agencies would follow the OCC capital treatment for first and second liens.

Pledged Deposits and Nonwithdrawable Accounts

The capital guidelines of the OTS permit thrift institutions to include in capital certain pledged deposits and nonwithdrawable accounts that meet the criteria of the OTS. Income Capital Certificates and Mutual Capital Certificates held by the OTS may also be included in capital by thrift institutions. These instruments are not relevant to commercial banks, and, therefore, they are not addressed in the banking agencies' capital rules.

Construction Loans on Presold Residential Property

The agencies all assign a qualifying loan to a builder to finance the construction of a presold 1- to 4-family residential property to the 50 percent risk category provided certain conditions are satisfied. The Federal Reserve and the FDIC permit a 50 percent risk weight once the residential property is sold, whether the sale occurs before or after the construction loan has been made. The OCC and the OTS permit the 50 percent risk weight treatment only if the property is sold to an individual who will occupy the residence upon completion of construction before the extension of credit to the builder.

The agencies' October proposal set forth the treatment followed by the Federal Reserve and the FDIC.

Mutual Funds

The three banking agencies generally assign all of a bank's holding in a mutual fund to the risk category appropriate to the highest risk asset that a particular mutual fund is permitted to hold under its operating rules. The OCC also permits, on a case-by-case basis, an institution's investment to be allocated on a pro rata basis among the risk categories based on the percentages of a portfolio authorized to be invested in a particular risk weight category. The OTS applies a capital charge appropriate to the riskiest asset that a mutual fund is actually holding at a particular time. The OTS also permits, on a case-by-case basis pro rata allocation among risk categories based on the fund's actual holdings. All of the agencies' rules provide that the minimum risk weight for investment in mutual funds is 20 percent.

The agencies have proposed following the banking agencies' general treatment and permitting institutions, at their option, to assign such investment on a pro rata basis according to the investment limits in the mutual fund prospectus.

Accounting Standards

Over the years, the three banking agencies, under the auspices of the Federal Financial Institutions Examination Council (FFIEC), have developed Uniform Reports of Condition and Income (Call Reports) for all commercial banks and FDIC-supervised savings banks. The reporting standards followed by the three banking agencies for recognition and measuring purposes are consistent with generally accepted accounting principles (GAAP). The agencies adopted GAAP as the reporting basis for the Call Report, effective for March 1997 reports. The adoption of GAAP for Call Report purposes eliminated the differences in accounting standards among the agencies that were set forth in previous reports to Congress. Thus, there are no material differences in regulatory accounting standards for regulatory reports filed with the federal banking agencies by commercial banks, savings banks, and savings associations.

By order of the Board of Governors of the Federal Reserve System, January 21, 1998.

William W. Wiles,

Secretary of the Board.

[FR Doc. 98–1812 Filed 1–26–98; 8:45 am]

BILLING CODE 6210–01–P

DEPARTMENT OF HEALTH AND HUMAN SERVICES

Office of the Secretary

Agency Information Collection Activities: Submission for OMB Review; Comment Request

The Department of Health and Human Services, Office of the Secretary publishes a list of information collections it has submitted to the Office of Management and Budget (OMB) for clearance in compliance with the Paperwork Reduction Act of 1995 (44 U.S.C. Chapter 35) and 5 CFR 1320.5. The following are those information collections recently submitted to OMB.

1. *Self-Evaluation and Recordkeeping Required by the Regulation Implementing Section 504 of the Rehabilitation Act of 1973 (45 CFR 84.6(c))*—Extension—0990–0124—Recipients of DHHS funds must conduct a single-time evaluation of their policies and practices for compliance with Section 504 of the Rehabilitation Act of 1973. *Respondents:* State or local governments, businesses or other for-profit, non-profit institutions; *Annual Number of Respondents:* 2,120; *Frequency of Response:* once; *Burden per Response:* 16 hours; *Total Annual Burden:* 33,920 hours.

OMB Desk Officer: Allison Eydt.

Copies of the information collection packages listed above can be obtained by calling the OS Reports Clearance Officer on (202) 690–6207. Written