

OMB Number: 1545-1161.
Regulation Project Number: CO-8-90
Final.

Type of Review: Extension.
Title: Consolidated Return
Regulations—Deferred Gain or Loss.
Description: This regulation requires a statement to be attached to a consolidated federal income tax return by those groups which entered into certain intercompany transaction before the effective date of the temporary regulation (March 15, 1990), and the treatment of these transactions will be different than that of transactions entered into after March 15, 1990.

Respondents: Business or other for-profit, Farms.
Estimated Number of Respondents: 10.

Frequency of Response: Other (one time only).

Estimated Total Reporting Burden: 20 hours.

OMB Number: 1545-1300.
Regulation Project Number: FI-46-89
Final.

Type of Review: Extension.
Title: Treatment of Acquisition of Certain Financial Institutions: Certain Tax Consequences of Federal Assistance to Financial Institutions.

Description: Recipients of Federal financial assistance ("FFA") must maintain an account of FFA that is deferred from inclusion in gross income and subsequently recaptured. This information is used to determine the recipient's tax liability. Also, tax not subject to collection must be reported and information must be provided if certain elections are made.

Respondents: Business or other for-profit, Federal Government.

Estimated Number of Respondents/Recordkeepers: 500.

Estimated Burden Hours Per Respondent/Recordkeeper: 4 hours, 24 minutes.

Frequency of Response: On occasion.
Estimated Total Reporting/Recordkeeping Burden: 2,200 hours.

OMB Number: 1545-1569.
Form Number: IRS Form 8861.
Type of Review: Revision.
Title: Welfare-to-Work Credit.

Description: Section 51A of the Internal Revenue Code allows employers an income tax credit of 35% of the first \$10,000 of first-year wages paid to and 50% of the first \$10,000 of second-year's wages paid to long-term family assistance recipients. The credit is part of the general business credit.

Respondents: Business or other for-profit, Farms.

Estimated Number of Respondents/Recordkeepers: 500.

Estimated Burden Hours Per Respondent/Recordkeeper:
Recordkeeping—7 hours, 39 minutes
Learning about the law or the form—1 hour, 5 minutes
Preparing and sending the form to the IRS—1 hour, 16 minutes
Frequency of Response: Annually.
Estimated Total Reporting/Recordkeeping Burden: 5,000 hours.
Clearance Officer: Garrick Shear (202) 622-3869, Internal Revenue Service, room 5571, 1111 Constitution Avenue, NW, Washington, DC 20224.

OMB Reviewer: Alexander T. Hunt (202) 395-7860, Office of Management and Budget, Room 10226, New Executive Office Building, Washington, DC 20503.

Lois K. Holland,
Departmental Reports Management Officer
[FR Doc. 98-4888 Filed 2-25-98; 8:45 am]
BILLING CODE 4830-01-M

DEPARTMENT OF THE TREASURY

Office of the Comptroller of the Currency

Federal Reserve System

Federal Deposit Insurance Corporation

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

AGENCIES: Office of the Comptroller of the Currency (OCC), Treasury; Board of Governors of the Federal Reserve System (Board); and Federal Deposit Insurance Corporation (FDIC).

ACTION: Joint notice of information collections submitted to OMB for review and approval under the Paperwork Reduction Act of 1995.

SUMMARY: On October 2, 1997, the OCC, the Board, and the FDIC (the agencies) requested public comment for 60 days on proposed revisions to the Consolidated Reports of Condition and Income (Call Report), which are currently approved collections of information. After considering the comments the agencies received, the Federal Financial Institutions Examination Council (FFIEC), of which the agencies are members, made several modifications to the proposed revisions.

In accordance with the requirements of the Paperwork Reduction Act of 1995 (44 U.S.C. chapter 35), the OCC, the Board, and the FDIC may not conduct or sponsor, and the respondent is not required to respond to, an information collection that has been extended, revised, or implemented on or after

October 1, 1995, unless it displays a currently valid Office of Management and Budget (OMB) control number. Comments are invited on: (a) Whether the collections of information are necessary for the proper performance of the agencies' functions, including whether the information has practical utility; (b) the accuracy of the agencies' estimates of the burden of the information collections, including the validity of the methodology and assumptions used; (c) ways to enhance the quality, utility, and clarity of the information to be collected; (d) ways to minimize the burden of the collections on respondents, including through the use of automated collection techniques or other forms of information technology; and (e) estimates of capital or startup costs and costs of operation, maintenance, and purchase of services to provide information.

DATES: Comments must be submitted on or before March 30, 1998.

ADDRESSES: Interested parties are invited to submit written comments to any or all of the agencies. All comments, which should refer to the OMB control number(s), will be shared among the agencies.

OCC

Written comments should be submitted to the Communications Division, Ninth Floor, Office of the Comptroller of the Currency, 250 E Street, S.W., Washington, D.C. 20219; Attention: Paperwork Docket No. 1557-0081 (FAX number (202) 874-5274; Internet address: regs.comments@occ.treas.gov). Comments will be available for inspection and photocopying at that address.

Board

Written comments should be addressed to Mr. William W. Wiles, Secretary, Board of Governors of the Federal Reserve System, 20th and C Streets, N.W., Washington, D.C. 20551, or delivered to the Board's mail room between 8:45 a.m. and 5:15 p.m., and to the security control room outside of those hours. Both the mail room and the security control room are accessible from the courtyard entrance on 20th Street between Constitution Avenue and C Street, N.W. Comments received may be inspected in room M-P-500 between 9:00 a.m. and 5:00 p.m., except as provided in section 261.8 of the Board's Rules Regarding Availability of Information, 12 CFR 261.8(a).

FDIC

Written comments should be addressed to Robert E. Feldman,

Executive Secretary, Attention: Comments/OES, Federal Deposit Insurance Corporation, 550 17th Street, N.W., Washington, D.C. 20429. Comments may be hand delivered to the guard station at the rear of the 550 17th Street Building (located on F Street), on business days between 7:00 a.m. and 5:00 p.m. (Fax number: (202) 898-3838; Internet address: comments@fdic.gov). Comments may be inspected and photocopied in the FDIC Public Information Center, Room 100, 801 17th Street, N.W., Washington, D.C. between 9:00 a.m. and 4:30 p.m. on business days.

A copy of the comments may also be submitted to the OMB desk officer for the agencies: Alexander Hunt, Office of Information and Regulatory Affairs, Office of Management and Budget, New Executive Office Building, Room 3208, Washington, D.C. 20503.

FOR FURTHER INFORMATION CONTACT: A copy of the proposed revised collection of information may be requested from any of the agency clearance officers whose names appear below.

OCC

Jessie Gates, OCC Clearance Officer, (202) 874-5090, Legislative and Regulatory Activities Division, Office of the Comptroller of the Currency, 250 E Street, S.W., Washington, D.C. 20219.

Board

Mary M. McLaughlin, Board Clearance Officer, (202) 452-3829, Division of Research and Statistics, Board of Governors of the Federal Reserve System, 20th and C Streets, N.W., Washington, D.C. 20551. Telecommunications Device for the Deaf (TDD) users may contact Diane Jenkins, (202) 452-3544, Board of Governors of the Federal Reserve Systems, 20th and C Streets, N.W., Washington, D.C. 20551.

FDIC

Steven F. Hanft, FDIC Clearance Officer, (202) 898-3907, Office of the Executive Secretary, Federal Deposit Insurance Corporation, 550 17th Street N.W., Washington, D.C. 20429.

SUPPLEMENTARY INFORMATION: Request for OMB approval to extend, with revision, the following currently approved collections of information:

Report Title: Consolidated Reports of Condition and Income (Call Report).

Form Number: FFIEC 031, 032, 033, 034.¹

¹ The FFIEC 031 report form is filed by banks with domestic and foreign offices. The FFIEC 032 report form is filed by banks with domestic offices only and total assets of \$300 million or more. The

Frequency of Response: Quarterly.
Affected Public: Business or other for-profit.

Type of Review: Revisions of currently approved collections.

For OCC:

OMB Number: 1557-0081.

Estimated Number of Respondents: 2,700 national banks.

Estimated Time per Response: 39.92 hours.

Estimated Total Annual Burden: 431,164 hours.

For Board:

OMB Number: 7100-0036.

Estimated Number of Respondents: 1,002 state member banks.

Estimated Time per Response: 45.80 hours.

Estimated Total Annual Burden: 183,566 hours.

For FDIC:

OMB Number: 3064-0052.

Estimated Number of Respondents: 6,131 insured state nonmember banks.

Estimated Time per Response: 29.67 hours.

Estimated Total Annual Burden: 727,672 hours.

The estimated time per response in an average which varies by agency because of differences in the composition of the banks under each agency's supervision (e.g., size distribution of banks, types of activities in which they are engaged, and number of banks with foreign offices). The time per response for a bank is estimated to range from 15 to 400 hours, depending on individual circumstances.

General Description of Report

This information collection is mandatory: 12 U.S.C. 161 (for national banks), 12 U.S.C. 324 (for state member banks), and 12 U.S.C. 1817 (for insured state nonmember banks). Except for select sensitive items, this information collection is not given confidential treatment. Small businesses (i.e., small banks) are affected.

Abstract

Banks file Consolidated Reports of Condition and Income with the agencies each quarter for the agencies' use in monitoring the condition and performance of reporting banks and the industry as a whole. Call Reports are also used to calculate banks' deposit insurance and Financing Corporation assessments and for monetary policy and other public policy purposes.

FFIEC 033 report form is filed by banks with domestic offices only and total assets of \$100 million or more but less than \$300 million. The FFIEC 034 report form is filed by banks with domestic offices only and total assets of less than \$100 million.

Current Actions

Revisions initially proposed for the Call Report consisted of: reducing the frequency for reporting "Preferred deposits" and reducing the level of detail in the trading assets and liabilities schedule filed by larger banks; replacing existing items for "High-risk mortgage securities" and "Structured notes" with items for securities with significant price volatility; adding new items for reporting on transactions with affiliates, low level recourse transactions, and (for larger banks) capital requirements for market risk; clarifying the reporting requirements relating to allowances and provisions for credit losses; changing the reporting basis used for reporting holdings of available-for-sale securities in the domestic office assets and liabilities schedule completed by banks with foreign offices; and modifying the categorization of securitized consumer loans for the purchase of certain types of vehicles in two items collected annually from larger banks.

After considering the comments, the FFIEC decided not to proceed with the proposed changes relating to securities with significant price volatility and transactions with affiliates at this time. The FFIEC also is revising the instructions for reporting industrial development bonds for conformity with a bank's other public reporting. The comments on the initial proposal and the changes made in response to the comments are discussed below.

Discussion of Comments Received and Changes Made

On October 2, 1997, the FDIC, the OCC, and the Board jointly published a notice soliciting comments for 60 days on proposed revisions to the Call Report (62 FR 51715). The notice described the specific changes that the agencies, with the approval of the FFIEC, were proposing to implement as of March 31, 1998.

In response to this notice, the FDIC, the OCC, and the Board collectively received 14 comment letters: 1 from a community bank, 9 from large banks, and 4 bankers' associations. In general, most of the commenters that specifically addressed the revisions to the Call Report that are being submitted for OMB review were supportive. On the other hand, those commenters who discussed the proposed changes relating to securities with significant price volatility and transactions with affiliates, which the agencies are not currently planning to implement, disagreed with those parts of the proposal. Some commenters urged the FFIEC and the agencies to pursue

greater reductions in reporting burden and to eliminate items not needed for safety and soundness purposes. Three commenters also indicated that the agencies should provide guidance on the regulatory capital treatment of certain transactions that must be recorded as secured borrowings under Financial Accounting Standards Board (FASB) Statement No. 125 because of the effect of this accounting treatment on the amount of assets reported on the balance sheet. The agencies and the FFIEC have considered all of the comments received on the proposal.

More specific information on the comments received is presented below.

Reductions in Frequency and Detail—Four commenters specifically addressed the proposals to reduce the reporting frequency for the “Preferred deposits” item from quarterly to annually for all banks and the level of detail collected on trading assets each quarter from large banks. Each commenter supported this proposed change. However, one of these four commenters also suggested that the agencies establish a consistent reporting date for all items collected only once each year, i.e., annually as of December 31. The agencies had not proposed to use a common reporting date for those Call Report items collected once each year. For many of the annual items in the Call Report that are reported at dates other than December 31, the agencies’ decision to collect this information at other quarter-end dates was made in response to requests from banks over the years. These banks have indicated that it would be less burdensome for them to have the reporting of various annual items spread throughout the year rather than having them concentrated at year-end when many once-a-year tax and other external reporting requirements demand their attention. Thus, the agencies concluded that they should not change the reporting dates for some or all annual items to a common date without first seeking industry comment. The FFIEC and the agencies are implementing the change in reporting frequency for preferred deposits and the reduction in detail on trading assets as proposed.

Investment Securities with Significant Price Volatility—Five commenters addressed the proposal to replace existing items on “High-risk mortgage securities” and “Structured notes” with items covering certain mortgage-backed securities and all other securities whose price volatility exceeds a specified threshold level under a specified interest rate scenario. This reporting change was intended to enhance the Call Report data used in the monitoring of interest rate risk. However, the

proposal did not describe the specific test that banks would have to use to measure price volatility for purposes of the revised items. Three of the five commenters compared this proposed reporting change to the proposed Supervisory Policy Statement on Investment Securities and End-User Derivatives Activities which the FFIEC had issued for comment on October 3, 1997 (21 FR 51862). These commenters indicated that the proposed Call Report items with their specific test for significant price volatility are inconsistent with the proposed FFIEC supervisory policy statement which would eliminate specific “high-risk” tests in favor of broader risk management guidance. According to these commenters, stress test requirements removed by the proposed supervisory policy should not be reinstated through Call Report requirements.

The fourth commenter expressed concern about not having the opportunity to comment on the specific price volatility test to be used for reporting the revised items. This commenter stated that the need to use a specific price test will require systems changes and therefore the test must be defined well in advance of the effective date of revised items. This commenter and the fifth commenter indicated that the specific price volatility test should be issued for public comment to ensure that the test does not result in excessive reporting burden.

After considering the comments, the agencies and the FFIEC decided not to implement the proposed Call Report change in 1998. The existing items on “high-risk mortgage securities” and “structured notes” will continue to be collected during 1998. Changes to these items can be reconsidered for implementation at some future date after the industry has had an opportunity for notice and comment on a more specific proposal. In the interim, the agencies’ staffs will study alternatives for obtaining data on highly price sensitive securities, including the related reporting burden, based on how such data is intended to be used in the agencies’ monitoring systems and interest rate risk testing procedures.

Transactions Between Banks and Their Affiliates—The agencies proposed to add four new items to the Call Report that would provide data on a bank’s “covered transactions” (loans or extensions of credit and other transactions that expose the bank to risk) with affiliates. Section 23A of the Federal Reserve Act regulates certain covered transactions in order to safeguard the resources of banks against

misuse for the benefit of organizations under common control with the bank. The four proposed items would collect data on the quarter-end amount and the quarter’s maximum amount of covered transactions with transactions subject to Section 23A’s collateral requirements and those not subject to the collateral requirements reported separately.

All eight of the commenters that addressed this proposed reporting change opposed it. These commenters were concerned about the additional reporting burden of the proposed items, especially the items collecting data on the maximum amount of covered transactions during the quarter, and did not believe the benefit of the new information would be commensurate with the additional burden. They stated that compliance with Section 23A can be monitored more efficiently through the examination process, which is currently how the agencies evaluate a bank’s transactions with affiliates. One commenter noted that the agencies had not presented evidence to show that compliance with this statutory requirement has become a serious problem. Another stated that if compliance is a problem at a few banks, the agencies should resolve this matter with those banks individually rather than by adding new reporting requirements for all banks.

One commenter suggested that, if the agencies decide to collect data on affiliate transactions in the Call Report, banks should report only the quarter-end amounts to limit reporting burden. Two other commenters recommended that, if the data must be reported, that the reporting requirement apply only if covered transactions exceed a specified amount. Two commenters also urged the agencies to treat affiliate transaction information, if it were to be reported at all, as confidential.

After considering the comments, the FFIEC decided that the agencies should not proceed with the implementation of the proposed affiliate transaction items at this time. Further consideration will be given to alternative methods for the collection of information related to Section 23A. Moreover, evaluating the risk of a bank’s transactions with its affiliates and its compliance with Section 23A will continue to be an important element of the agencies’ examination process.

Reporting of Low Level Recourse Transactions for Risk-Based Capital Purposes—Under the agencies’ risk-based capital standards, the amount of risk-based capital that must be maintained for assets transferred with limited recourse should not exceed the maximum amount of recourse for which

a bank is contractually liable under the recourse agreement. The low level recourse rule also may apply to sales and securitizations of assets in which contractual cash flows (e.g., interest-only strips receivable and so-called spread accounts), retained subordinated interests, or other assets (e.g., collateral invested amounts or cash collateral accounts) act as credit enhancements.

Current Call Report instructions require a bank to report its low level recourse transactions in Schedule RC-R—Regulatory Capital using the so-called “gross-up” method. In general, this method requires the bank to multiply the maximum amount of its recourse exposure by the reciprocal of the full effective minimum risk-based capital requirement for the assets transferred and to report the resulting dollar amount as an off-balance sheet credit equivalent amount in the risk weight category appropriate to the assets transferred. However, another method of handling the bank’s low level recourse transactions—the so-called “direct reduction” method—in many cases results in a more accurate measure of the bank’s risk-based capital ratios, but this method is not currently permitted. Therefore, the agencies proposed to allow banks to use the “direct reduction” method. Under the direct reduction method, a bank generally would reduce its risk-based capital by the maximum amount of its recourse exposure (and would exclude this amount from its assets if the exposure were in the form of an on-balance sheet asset). Banks electing this reporting method would begin to complete a new Schedule RC-R item to disclose the amount by which assets and total risk-based capital have been reduced through the application of the direct reduction method.

Half of the commenters addressed this proposed change and all of them supported it. One commenter requested that the agencies ensure that the Call Report instructions for low level recourse transactions clearly describe the mechanics of the risk-based capital calculation under each method. The FFIEC and the agencies are adding an item for the direct reduction method as proposed and will provide appropriate instructions for reporting low level recourse exposures.

Capital Requirements for Market Risk—Effective January 1, 1998, banks with substantial trading activity must hold capital based on their market risk exposure. The market risk rule supplements the risk-based capital ratio calculations that focus principally on credit risk and adjusts both the risk-based capital ratio denominator and

numerator. To enable the agencies and other users of the Call Report to calculate the risk-based capital ratios of those banks subject to the market risk rule, the agencies proposed to add items for “Market risk equivalent assets” and “Tier 3 capital” to Schedule RC-R—Regulatory Capital on the FFIEC 031 and 032 report forms only.

Two commenters addressed the market risk proposal. One supported the proposed changes while the second did not express an overall opinion. However, the second commenter observed that the Board’s interim guidance to bank holding companies for the reporting on the market risk in the FR Y-9C bank holding company report indicates that “covered positions,”² except those that must also be risk weighted for credit risk, should be reported as zero percent risk weight assets, while the agencies’ proposal stated that these covered positions should be reported in the Call Report in “On-balance sheet asset values excluded from and deducted in the calculation of the risk-based capital ratio” (Schedule RC-R, item 8) and not as zero percent risk weight assets. The agencies acknowledge this differing treatment for covered positions in the two types of reports. This difference arises because of the different structures of the regulatory capital schedules in these two reports: the bank holding company schedule does not have an item comparable to item 8 of the bank schedule, which is used to capture the amount of all on-balance sheet assets that are not risk-weighted for credit risk. The covered positions that are on-balance sheet assets possess this characteristic. Nevertheless, the difference in report structures has no impact on the overall calculation of risk-based capital.

This commenter also recommended that, with the advent of capital requirements for market risk, the Call Report instructions should be reworded to indicate that a bank’s allowance for credit losses can be included in Tier 2 capital up to a maximum of 1.25 percent of risk-weighted assets plus market risk equivalent assets. The FFIEC and the agencies agree with this recommendation and will revise the instructions accordingly.

Reporting by Banks With Foreign Offices of Investment Securities Holdings in the Domestic Office Assets and Liabilities Schedule—The agencies proposed to require banks with foreign offices that file the FFIEC 031 version of

²The term “covered positions” means all positions in the trading account, and all foreign exchange and commodity positions, whether or not in the trading account.

the Call Report forms to report all investment securities held in domestic offices on a cost basis in items 10 through 17 of Schedule RC-H—Selected Balance Sheet Items for Domestic Offices. At present, these investment securities are reported in these Schedule RC-H items on the same basis as they are reported on these banks’ consolidated balance sheet (Schedule RC), i.e., held-to-maturity securities are reported at amortized cost while available-for-sale securities are reported at fair value.

One commenter stated that this proposed change is contrary to generally accepted accounting principles (GAAP). This commenter also noted that, although the amortized cost data for these securities are available, its existing reporting systems compile cost data only on a consolidated basis and not for domestic offices only. Therefore, for this commenter, the proposed reporting change would require a costly and time consuming collection effort.

While the agencies recognize that adopting this reporting change will cause some banks to adjust their reporting systems, the FFIEC and the agencies are implementing this change as proposed because the revised securities data will better satisfy agency data needs, thereby increasing the utility of the domestic office securities data. These data are used in analyses and comparisons which also include data on securities that are held domestically by nonbank sectors and reported on a cost basis. Thus, the uses for which these Call Report data are collected are not a function of their balance sheet categorization and accounting basis under GAAP.

Allowance for Credit Losses—Accounting guidance issued by the American Institute of Certified Public Accountants in 1996 clarified that a bank must allocate its allowance for credit losses between on-balance sheet financial instruments and off-balance sheet credit exposures. Previously, these allowance components often were reported in the aggregate on the balance sheet in the allowance for loan and lease losses. In 1997, the FFIEC advised banks to allocate their allowance for credit losses on the Call Report balance sheet consistent with their allocation methodology for other financial reporting purposes. Banks were further advised to aggregate these components of the allowance for credit losses when completing Schedule RI-B, part II—Changes in Allowance for Loan and Lease Losses and for risk-based capital purposes.

The agencies proposed to retain this method of reporting the allowance for

credit losses on the balance sheet, in Schedule RI-B, and in the regulatory capital schedule (Schedule RC-R). For consistency, the agencies also proposed to recaption the items labelled "Provision for loan and lease losses" as "Provision for credit losses" in the income statement (Schedule RI) and in Schedule RI-B. Two commenters addressed this proposal. One supported it while the second favored only the risk-based capital treatment of the allowance for credit losses, preferring to have Schedule RI-B, part II, cover only the allowance for loan and lease losses. The FFIEC and the agencies considered this suggestion, but did not accept it. There has been an absence of bank objections during 1997 to the reporting method which the agencies proposed to retain for Schedule RI-B, part II.

Reporting of Securitized Consumer Loans for Vehicle Purchases—The agencies proposed to revise the instructions for reporting securitized consumer loans so that loans for the purchase of pickup trucks, other light trucks, and vans for personal use would be included in "Loans to purchase private passenger automobiles" rather than in "All other consumer credit." The only commenter commenting on this instructional change agreed with the change. The FFIEC and the agencies are implementing the change as proposed.

Categorization of Industrial Development Bonds on the Balance Sheet—In September 1997, the FFIEC printed and distributed revised, updated Call Report instruction books to all banks and invited comments on the accuracy, adequacy, and clarity of the revised instructions. One commenter recommended that the agencies simplify the instructions for reporting industrial development bonds (IDBs) in the Call Report. More specifically, the commenter suggested that the agencies replace the existing Call Report instructions governing whether a bank should report its IDBs as securities or as loans with instructions stating that IDBs should be reported as securities or as loans on the Call Report consistent with the manner in which the bank reports these instruments on its balance sheet for other financial reporting purposes. The FFIEC and the agencies agree and are revising the instructions accordingly.

Other Comments—Three commenters discussed the effect of the provisions of FASB Statement No. 125, "Accounting for Transfers and Servicing of Financial Assets and Extinguishments of Liabilities," that took effect for transfers occurring after December 31, 1997. These newly effective provisions relate

to the accounting for collateral and secured borrowings, repurchase agreements, securities lending, and similar transactions. If certain conditions are met, collateral received by a creditor must be recorded as an asset on the creditor's balance sheet. Under previous GAAP, the collateral may not have been recorded on the creditor's balance sheet. As a result of this change in accounting standards, some banks will see their total on-balance sheet assets increase, which would increase the denominators in the calculation of these banks' leverage capital and risk-based capital ratios. The effect of these provisions of FASB Statement No. 125 will appear for the first time in the March 31, 1998, Call Report.

These commenters stated that regulatory capital ratios should be computed using a pre-FASB Statement No. 125 approach to collateralized transactions so that regulatory capital is not allocated twice for the same transaction. These commenters recommended that the FFIEC change the Call Report instructions in 1998 to say that amounts added to the balance sheet because of the collateral provisions of FASB Statement No. 125 should be excluded from average total assets and risk-weighted assets. When it considered these comments, the FFIEC concluded that this was primarily a regulatory capital issue that should be addressed as a supervisory matter under the FFIEC's Task Force on Supervision. The Task Force on Supervision has requested that its capital working group evaluate the issue these commenters have raised.

Five commenters indicated that the proposed changes do not significantly reduce the reporting burden imposed by the Call Report. They urged the FFIEC and the agencies to do more to reduce burden, eliminate items not related to safety and soundness, and work to fulfill the mandate of Section 307 of the Riegle Community Development and Regulatory Improvement Act of 1994. Section 307 requires the four federal banking and thrift agencies to work jointly to develop a single form for the filing of core information by banks, savings associations, and bank holding companies. It also directs the agencies to review the information they collect from these institutions that supplements the core information and eliminate those reporting requirements that are not warranted for safety and soundness or other public purposes. Thus, it is clear from Section 307 that Call Report data should not be collected exclusively to meet the agencies' safety and soundness needs. Nevertheless, the

agencies regularly review the existing Call Report requirements in order to identify items that are no longer sufficiently useful to warrant their continued collection. Since 1995 these reviews have led to the elimination of numerous items and reductions in the level of detail in several areas. For 1998, as discussed above, the FFIEC and the agencies also decided not to implement certain proposed revisions about which commenters' expressed concern about burden.

In addition to eliminating a number of items that were considered unnecessary for safety and soundness and other public purposes, the FFIEC and the agencies have, as part of their Section 307 efforts, adopted GAAP as the reporting basis for the Call Report, combined the four sets of Call Report instructions into a single comprehensive set which includes an index, made the Call Report forms and instructions available on the Internet, and implemented an electronic filing requirement for the Call Report. The FFIEC and the agencies are continuing to analyze the specific uses of the individual Call Report items in order to ascertain their relative importance to the agencies and assist in the agencies' ongoing effort to eliminate information with the least practical utility. Furthermore, the banking and thrift agencies are continuing their work on a common core report that will satisfy the requirements of Section 307.

Board of Governors of the Federal Reserve System, February 17, 1998.

William W. Wiles,

Secretary of the Board.

Dated: February 17, 1998.

Karen Solomon,

Director, Legislative and Regulatory Activities Division, Office of the Comptroller of the Currency.

Dated at Washington, DC, this 20th day of February, 1998.

Federal Deposit Insurance Corporation.

Robert E. Feldman,

Executive Secretary.

[FR Doc. 98-4859 Filed 2-25-98; 8:45 am]

BILLING CODE 4810-33-M, 6210-01-M, 6714-01-M

DEPARTMENT OF THE TREASURY

Customs Service

[T.D. 98-17]

Bonds; Approval To Use Authorized Facsimile Signatures and Seal

The use of facsimile signatures and seal on Customs bonds by the following corporate surety has been approved