

shares held by a member bank and purchased before March 28, 1942, or as to the purchase and cancellation dates and prices of shares cancelled, as the case may be.

By order of the Board of Governors of the Federal Reserve System, July 6, 1998.

Jennifer J. Johnson,
Secretary of the Board.

[FR Doc. 98-18275 Filed 7-10-98; 8:45 am]

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FEDERAL RESERVE SYSTEM

12 CFR Part 216

[Regulation P; Docket No. R-0965]

Security Procedures

AGENCY: Board of Governors of the Federal Reserve System.

ACTION: Final rule.

SUMMARY: The Board is rescinding Regulation P, which is no longer necessary since its provisions have been incorporated into Regulation H (Membership of State Banking Institutions in the Federal Reserve System), as issued by the Board elsewhere in today's **Federal Register**. Regulation P requires each bank to adopt appropriate security procedures.

EFFECTIVE DATE: October 1, 1998.

FOR FURTHER INFORMATION CONTACT: Jean Anderson, Staff Attorney, Legal Division (202/452-3707). For the hearing impaired *only*, Telecommunications Device for the Deaf (TDD), Diane Jenkins (202/452-3544).

SUPPLEMENTARY INFORMATION: Section 303(a) of the Riegle Community Development and Regulatory Improvement Act of 1994 (12 U.S.C. 4803(a)) requires the Board, as well as the other federal banking agencies, to review its regulations and written policies in order to streamline and modify these regulations and policies to improve efficiency, reduce unnecessary costs, and eliminate unwarranted constraints on credit availability. The Board reviewed its Regulation P with this purpose in mind and has adopted its proposal to rescind Regulation P in order to meet the goals of section 303(a).

Regulation P implements the requirements of the Bank Protection Act

of 1968 (BPA). The BPA requires the federal financial institution supervisory agencies to establish minimum standards for bank security devices and procedures to discourage bank crime and to assist in the identification of persons who commit such crimes. 12 U.S.C. 1882. To implement this statute a uniform regulation (Regulation P) was adopted in 1969 by each of the supervisory agencies—Comptroller of the Currency, Federal Deposit Insurance Corporation, Federal Home Loan Bank Board (now known as the Office of Thrift Supervision), and the Board. As originally proposed, Regulation P included a list of security devices that banks were required to adopt. On March 1, 1991, (55 FR 13069) (1991 Amendments), the supervisory agencies amended their rules to incorporate amendments made to the BPA by the Financial Institutions Reform Recovery and Enforcement Act of 1989 (FIRREA) and to address the fact that many of the required security devices had been rendered obsolete by virtue of technological advances.

Discussion

The Board's action to rescind Regulation P and incorporate its provisions into Regulation H (12 CFR part 208—Membership of State Banking Institutions in the Federal Reserve System) as published elsewhere in today's **Federal Register**, would not substantively change the requirements of Regulation P. The Board's action to incorporate Regulation P into Regulation H is designed to simplify compliance for State member banks by consolidating regulatory requirements applying to State member banks into one regulation.

The Board published its proposal to rescind Regulation P for comment in the **Federal Register** on March 31, 1997 (61 FR 15299). The Board received 4 comments on the proposal from the following types of institutions:
Trade associations—2
Federal Reserve Banks—2

Three of the 4 comments received generally supported, or did not object to, rescinding Regulation P. However, one commenter opposed incorporating Regulation P into Regulation H on the basis that Regulation H relates solely to

state member banks and Regulation P addresses security procedures for both state member banks and Federal Reserve Banks. Despite this concern the Board is rescinding Regulation P and incorporating it into Regulation H as proposed because it believes that the Federal Reserve Banks are well aware of the requirements of Regulation P.

Regulatory Flexibility Act Analysis

Pursuant to section 605(b) of the Regulatory Flexibility Act (Pub. L. 95-354, 5 U.S.C. 601 *et seq.*), the Board of Governors of the Federal Reserve System certifies that adoption of this proposal will not have a significant economic impact on a substantial number of small entities that would be subject to the regulation.

This amendment will remove a regulation and an interpretation that the Board believes are no longer necessary. The amendment does not impose more burdensome requirements on bank holding companies than are currently applicable.

Paperwork Reduction Act

In accordance with the Paperwork Reduction Act of 1995 (44 U.S.C. 3506; 5 CFR 1320 Appendix A.1), the Board reviewed the rule under the authority delegated to the Board by the Office of Management and Budget. No collections of information pursuant to the Paperwork Reduction Act are contained in the final rule.

List of Subjects in 12 CFR Part 216

Federal Reserve System, Reporting and recordkeeping requirements, Security measures.

For the reasons set forth in the preamble and under the authority of 12 U.S.C. 1882, the Board is amending 12 CFR chapter II, as set forth below:

PART 216—[REMOVED]

1. Part 216 is removed.

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