

be on terms and conditions consistent with safe and sound banking practices.

(3) The statute prohibits an insured depository institution from purchasing "low-quality" assets from affiliates. A "low-quality" asset is defined in the statute as an asset that falls in any one or more of the following categories: (a) an asset classified as "substandard," "doubtful," or "loss" or treated as "other loans especially mentioned" in the most recent report of examination or inspection of an affiliate prepared by either a Federal or State supervisory agency; (b) an asset in a nonaccrual status; (c) an asset on which principal or interest payments are more than thirty days past due; or (d) an asset whose terms has been renegotiated or compromised due to the deteriorating financial condition of the obligor.

(4) The statute imposes collateral requirements when an insured depository institution is lending to an affiliate or is issuing a guarantee, acceptance, or letter of credit on behalf of an affiliate. The collateral requirements, which vary based on the type of collateral, are designed to reduce risk related to these exposures.

As the activities of nonbank subsidiaries of bank holding companies have expanded, and as regulatory restrictions have been reduced or eliminated to lessen the burden on the industry, the importance of the limits imposed by Section 23A has increased. Yet, at present, there is no uniform or regular reporting of bank transactions subject to Section 23A. The current bank holding company FR Y-8 report collects data on intercompany transactions on a combined, aggregate basis for all subsidiary banks of a bank holding company at the bank holding company level; hence, Section 23A transactions cannot be identified from data submitted in the current report. Additionally, while this information may be reviewed in examinations, data on covered transactions are not always contained in examination reports, or if contained in the reports, the data are not presented in comparable detail or a uniform format. Moreover, examinations for most insured depository institutions occur infrequently, whereas compliance with Section 23A is required continuously.

In order to identify and monitor for each individual institution, potential Section 23A compliance issues, and to identify and monitor industry-wide levels of activity and the effect on insured depository institution risk exposure, the Federal Reserve proposes to revise the FR Y-8 report to collect for each insured subsidiary only four items:

(1) For covered transactions subject to Section 23A's collateral requirements,

(a) the outstanding amount of such transactions as of the report date and (b) the maximum amount of such transactions during the calendar quarter ending with the report date.

(2) For covered transactions not subject to the collateral requirements,

(a) the outstanding amount of such transactions as of the report date and (b) the maximum amount of such transactions during the calendar quarter ending with the report date.

Transactions exempt from the quantitative limits of the statute such as extensions of credit fully secured by the U.S. Government securities or transactions with affiliated insured depository institutions known as sister banks would be excluded from the report.

The proposed revised report distinguishes between covered transactions that are subject to collateral requirements and those that are not in order to distinguish, with the fewest possible report items, between the various types of covered transactions that, collectively, represent extensions of credit, and those that do not (e.g., purchases of assets). The information requested should be available and not significantly burdensome to report because insured depository institutions already should, on an ongoing basis, be continually monitoring their Section 23A covered transaction exposures to ensure compliance with the statute on an ongoing basis. Also, bank holding companies currently required to file the FR Y-8 must currently obtain thirty items of data for each individual subsidiary bank in order to provide aggregate data on the thirty items requested on the existing report. The reduction in burden associated with reducing the number of items reported on the current semiannual report from thirty items to four items and discontinuing the FR Y-8 interim report, comprising twenty items of aggregated data compiled from data from each insured subsidiary bank, should offset any burden associated with the report.

The proposed revised report would become effective with the June 30, 2000, reporting date.

Board of Governors of the Federal Reserve System, September 15, 1999.

**Jennifer J. Johnson,**

*Secretary of the Board.*

[FR Doc. 99-24545 Filed 9-20-99; 8:45 am]

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## FEDERAL RESERVE SYSTEM

### Agency Information Collection Activities: Announcement of Board Approval Under Delegated Authority and Submission to OMB

**AGENCY:** Board of Governors of the Federal Reserve System

#### SUMMARY

*Background:* Notice is hereby given of the final approval of proposed information collections by the Board of Governors of the Federal Reserve System (Board) under OMB delegated authority, as per 5 CFR 1320.16 (OMB Regulations on Controlling Paperwork Burdens on the Public). Board-approved collections of information are incorporated into the official OMB inventory of currently approved collections of information. Copies of the OMB 83-Is and supporting statements and approved collection of information instrument(s) are placed into OMB's public docket files. The Federal Reserve 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 OMB control number.

#### FOR FURTHER INFORMATION CONTACT:

Chief, Financial Reports Section--Mary M. West--Division of Research and Statistics, Board of Governors of the Federal Reserve System, Washington, DC 20551 (202-452-3829); OMB Desk Officer--Alexander T. Hunt--Office of Information and Regulatory Affairs, Office of Management and Budget, New Executive Office Building, Room 3208, Washington, DC 20503 (202-395-7860).

#### Final approval under OMB delegated authority of the extension for three years, with revisions, of the following reports:

1. *Report title:* Applications for Subscription to, Adjustment in Holding of, and Cancellation of Federal Reserve Bank Stock.

*Agency form numbers:* FR 2030, 2030a, 2056, 2086, 2086a, 2086b, and 2087.

*OMB control number:* 7100-0042.

*Effective date:* September 30, 1999.

*Frequency:* On occasion.

*Reporters:* National, State Member, and Nonmember Banks.

*Annual reporting hours:* 952 (FR 2030: 47; FR 2030a: 13; FR 2056: 860; FR 2086: 1; FR 2086a: 30; FR 2087: 1).

*Estimated average hours per response:* 0.5 (for each form).

*Number of respondents:* 1,901 (FR 2030: 93; FR 2030a: 26; FR 2056: 1,719; FR 2086: 2; FR 2086a: 60; FR 2087: 1).

Small businesses are affected.

*General description of report:* This information collection is mandatory [12 U.S.C. §§ 222, 248, 282, 287, 288, and 321 and 12 C.F.R. §§ 209.1, 209.3, 209.5(b), 209.7, and 209.8]. Upon request from an applicant, certain information may be given confidential treatment pursuant to the Freedom of Information Act [5 U.S.C. §§ 552(b)(4) and (6)].

*Abstract:* These applications must be submitted to Federal Reserve Banks by organizing and existing member commercial banks requesting the issuance, adjustment, or cancellation of Federal Reserve Bank stock. National banks, chartered by the Comptroller of the Currency, are required to become members of the Federal Reserve System. State-chartered commercial banks may elect to become members if they meet the requirements established by the Board of Governors of the Federal Reserve System. When a bank receives approval for membership in the Federal Reserve System, the bank agrees to certain conditions of membership which are contained in an approval letter sent to the bank by the Federal Reserve Bank in the District where the bank is located. In addition to the conditions of membership, the bank also is advised by the Reserve Bank that it must subscribe to the capital stock of the Federal Reserve Bank of its District in an amount equal to 6 percent of the bank's paid-up capital and surplus, including reserve for dividends payable in common stock, pursuant to Section 5 of the Federal Reserve Act and Regulation I. However, the bank is required to make payment for only 50 percent of the subscription, which is recorded as paid-in capital on the Reserve Bank's balance sheet. The remaining 50 percent is subject to call by the Board of Governors of the Federal Reserve System. On December 31, 1998, there were 3,401 Federal Reserve member banks, and their consolidated paid-in capital at the twelve Federal Reserve Banks was \$5.6 billion.

These applications are necessary in order to obtain account data on the bank's capital and surplus and to document its request to increase or decrease its holdings of Federal Reserve Bank stock. Another purpose of the applications is to verify that a request has been duly authorized and to prevent unauthorized requests for issuance or cancellation of Federal Reserve Bank stock.

*Current Actions* The most significant changes are (1) revising the items included in the capital stock and surplus section on the FR 2056, (2) combining the FR 2086a and FR 2086b,

and (3) adding an optional field to each of the applications for the institution's ABA number. On the FR 2056, the capital and surplus will be reported as shown on the institution's most recent Report of Condition (instead of on the date of the application). Also, the capital stock section will include common stock, preferred stock (including sinking fund preferred stock), and paid-in surplus less the aggregate of retained earnings, gains(losses) on securities available-for-sale, and foreign currency translation gains or losses, if such aggregate is a deficit. Finally, information on "reserve for dividends payable in common stock" will be deleted.

The FR 2086a will be used for all member banks converting or merging into nonmember banks. This application will now include national banks converting into nonmember banks and therefore the FR 2086b application will be eliminated.

The Certificate of Issuance of Federal Reserve Bank Stock will be eliminated from the FR 2030, FR 2030a, and FR 2056 applications and the Certificate of Cancellation of Federal Reserve Bank stock will be eliminated from the FR 2056, FR 2086, FR 2086a, and FR 2087 applications. Also, minor clarifications will be made to all of the applications to improve consistency and make filing of the applications more expeditious and user-friendly.

*2. Report title:* Applications for Membership in the Federal Reserve System.

*Agency form numbers:* FR 2083, 2083A-2083E.

*OMB control number:* 7100-0046.

*Effective date:* September 30, 1999.

*Frequency:* On occasion.

*Reporters:* Commercial banks and certain mutual savings banks.

*Annual reporting hours:* 2,805 burden hours

*Estimated average hours per response:* 35.5 hours.

*Number of respondents:* 79.

Small businesses are affected.

*General description of report:* This information collection is required [12 U.S.C. §§ 321, 322 and 333]. The information in the application is not confidential; however, parts may be given confidential treatment at the applicant's request [5 U.S.C. § 552(b)(4)].

*Abstract:* The application for membership is a required one-time submission, pursuant to Section 9 of the Federal Reserve Act, that collects the information necessary for the Federal Reserve Board to evaluate the statutory criteria for admission of a new or existing bank to membership in the

Federal Reserve System. This application provides managerial, financial, and structural data.

*Current Actions:* The Federal Reserve will be (1) revising the application to conform with changes to Regulation H, (2) combining the FR 2083B, C, and D, which are filed by mutual savings banks, into one application and (3) replacing Section IV of the application with a reference to the Interagency Biographical and Financial Report (FR 2081c; OMB No. 7100-0134).

With respect to the Regulation H changes, the instructions will be revised as follows: the "Preparation of Application" section will be updated regarding examination and Reserve Bank consultation and would define those institutions that qualify for expedited treatment and the "Public Notification" section will be eliminated. On the FR 2083E, which will be renamed the FR 2083C, references to capital stock will be revised to capital stock and surplus. Capital stock and surplus includes Tier 1 and Tier 2 capital, as calculated under the risk-based capital guidelines, plus any allowance for loan and lease losses not already included in Tier 2 capital.

The FR 2083B, C, and D will be combined in an effort to streamline the applications and Section IV will be replaced with FR 2081c for consistency purposes. Also, the Federal Reserve will incorporate several formatting changes to all of the applications to improve consistency and clarify the information to be reported.

Board of Governors of the Federal Reserve System, September 15, 1999.

**Jennifer J. Johnson,**

*Secretary of the Board.*

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## 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