

Dated: May 22, 2000.

Michael J. Armstrong,

Associate Director for Mitigation.

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BILLING CODE 6718-04-P

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 Board, are available for immediate inspection at the Federal Reserve Bank indicated. The application also will be available for inspection at the offices of the Board of Governors. Interested persons may express their views in writing on the standards enumerated in the BHC Act (12 U.S.C. 1842(c)). If the proposal also involves the acquisition of a nonbanking company, the review also includes whether the acquisition of the nonbanking company complies with the standards in section 4 of the BHC Act (12 U.S.C. 1843). Unless otherwise noted, nonbanking activities will be conducted throughout the United States. Additional information on all bank holding companies may be obtained from the National Information Center website at www.ffiec.gov/nic/.

Unless otherwise noted, comments regarding each of these applications must be received at the Reserve Bank indicated or the offices of the Board of Governors not later than June 19, 2000.

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

1. *Australia and New Zealand Banking Group Limited*, Melbourne, Australia; to become a bank holding company by acquiring 100 percent of the voting shares of Amerika Samoa Bank, Pago Pago, American Samoa.

B. Federal Reserve Bank of Chicago (Phillip Jackson, Applications Officer) 230 South LaSalle Street, Chicago, Illinois 60690-1414:

1. *Lafayette Community Bancorp*, Lafayette, Indiana; to become a bank

holding company by acquiring 100 percent of the voting shares of Lafayette Community Bank (in organization), Lafayette, Indiana.

C. Federal Reserve Bank of St. Louis (Randall C. Sumner, Vice President) 411 Locust Street, St. Louis, Missouri 63166-2034:

1. *Arvest Bank Group, Inc.*, Bentonville, Arkansas, and its subsidiary, First Bancshares, Incorporated, Bartlesville, Oklahoma; to retain 100 percent of the voting shares of State Bank and Trust, Tulsa, Oklahoma, following its conversion to a state chartered bank.

2. *Heritage Group, Inc.*, Aurora, Nebraska; to acquire 100 percent of the voting shares of City National Bank and Trust Company, Hastings, Nebraska.

Board of Governors of the Federal Reserve System, May 22, 2000.

Robert deV. Frierson,

Associate Secretary of the Board.

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FEDERAL RESERVE SYSTEM

Change in Bank Control Notices; Acquisitions of Shares of Banks or Bank Holding Companies

The notificants listed below have applied under the Change in Bank Control Act (12 U.S.C. 1817(j)) and § 225.41 of the Board's Regulation Y (12 CFR 225.41) to acquire a bank or bank holding company. The factors that are considered in acting on the notices are set forth in paragraph 7 of the Act (12 U.S.C. 1817(j)(7)).

The notices are available for immediate inspection at the Federal Reserve Bank indicated. The notices also will be available for inspection at the offices of the Board of Governors. Interested persons may express their views in writing to the Reserve Bank indicated for that notice or to the offices of the Board of Governors. Comments must be received not later than June 9, 2000.

A. Federal Reserve Bank of Cleveland (Paul Kaboth, Banking Supervision) 1455 East Sixth Street, Cleveland, Ohio 44101-2566:

1. *Gary Arthur Rubel and Nancy Sue Rubel*, both of Englewood, Florida; to acquire voting shares of CNB Bancorp, Inc., Woodsfield, Ohio, and thereby indirectly acquire voting shares of Citizens National Bank of Woodsfield, Woodsfield, Ohio.

Board of Governors of the Federal Reserve System, May 22, 2000.

Robert deV. Frierson,

Associate Secretary of the Board

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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, including the companies listed below, 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. Additional information on all bank holding companies may be obtained from the National Information Center website at www.ffiec.gov/nic/.

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 June 9, 2000.

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

1. *First Gothenburg Bancshares, Inc.*, Gothenburg, Nebraska; Nebraska Bankshares, Inc., Gothenburg, Nebraska; and Stamford Banco, Inc., Stamford, Nebraska; to acquire First Gothenburg Bancshares, Inc., Gothenburg, Nebraska, through Cook Management, Inc., Gothenburg, Nebraska, and thereby engage in general insurance activities in a town of less than 5,000 in population, pursuant to § 225.28(b)(11)(iii) of Regulation Y.

Board of Governors of the Federal Reserve System, May 22, 2000.

Robert deV. Frierson,

Associate Secretary of the Board.

[FR Doc. 00-13257 Filed 5-25-00; 8:45 am]

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FEDERAL RESERVE SYSTEM

[Docket No. R-1037]

Modifying Federal Reserve ACH Deposit Deadlines and Pricing Practices Relative to Private-Sector ACH Operators

AGENCY: Board of Governors of the Federal Reserve System.

ACTION: Notice.

SUMMARY: Based on comments received in response to its request for comment last year, the Board has concluded that the Federal Reserve Banks' deposit deadlines and pricing practices for automated clearing house (ACH) transactions exchanged with private-sector ACH operators should be modified. The Board is considering specific modifications to these deadlines and pricing practices, which could be implemented as early as mid-2001, and requests comment on these proposed modifications.

DATES: Comments must be submitted on or before July 25, 2000.

ADDRESSES: Comments, which should refer to Docket No. R-1037, may be mailed to Ms. Jennifer J. Johnson, Secretary, Board of Governors of the Federal Reserve System, 20th and C Streets, NW., Washington, DC 20551 or mailed electronically to regs.comments@federalreserve.gov. Comments addressed to Ms. Johnson also may be 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, NW. Comments may be inspected in Room MP-500 between 9 a.m. and 5 p.m. weekdays, pursuant to § 261.12, except as provided in § 261.14, of the Board's Rules Regarding Availability of Information, 12 CFR 261.12 and 261.14.

FOR FURTHER INFORMATION CONTACT: Jack K. Walton II, Manager (202/452-2660); Michele Braun, Project Leader (202/452-2819); or Jeffrey S.H. Yeganeh, Senior Financial Services Analyst (202/728-5801); for the hearing impaired *only*, contact Janice Simms, Telecommunication Device for the Deaf (202/872-4984).

SUPPLEMENTARY INFORMATION:

I. Background

The Federal Reserve Banks are collectively the largest ACH operator and process more than 80 percent of commercial interbank ACH transactions. Private-sector ACH operators (PSOs) process the remaining transactions and typically provide services, including processing and settling ACH transactions, similar to those offered by the Reserve Banks. PSOs also rely on the Reserve Banks' ACH services for the delivery and settlement of some transactions in which either the originating depository financial institution (ODFI) or receiving depository financial institution (RDFI) is not their customer.

The Reserve Banks' authority to provide payment services is limited by law to services provided to depository institutions.¹ The Reserve Banks, however, allow depository institutions to send or receive their ACH transactions through intermediaries, such as PSOs, and treat those intermediaries as agents of the depository institutions they serve. Nevertheless, all depository institutions are currently subject to the same Reserve Bank prices and service guidelines regardless of how they send or receive their ACH transactions to and from the Reserve Banks.

Some industry representatives have expressed concerns that the Reserve Banks' price and service level policies have created barriers to open and vigorous competition among ACH operators because the policies do not recognize the role played by operators in the ACH system.² Specifically, these representatives have maintained that the Reserve Banks' deposit deadlines and price structure do not permit the PSOs to compete effectively in the provision of ACH services to depository institutions.

The Federal Reserve Board recognizes the benefits of competition in the provision of payment services. In a 1990 white paper on the Federal Reserve in the payments system, the Board stated that "the role of the Federal Reserve in providing payments services is to promote the integrity and efficiency of the payments mechanism and to ensure

¹ Reserve Banks may also provide services to a limited set of other institutions, such as state member banks that are not defined as depository institutions. Further, the Reserve Banks may provide services to other entities if directed to do so as fiscal agent of the United States.

² ACH Vision 2000 Task Force Recommendations, NACHA, 1997; The Role of the Federal Reserve and the Banking Industry in the Retail Electronic Payments Systems of the Future, The Bankers Roundtable, April 1998.

the provision of payment services to all depository institutions on an equitable basis, and to do so in an atmosphere of competitive fairness."³ In addition, the Board's standards for priced services activities note that "Federal Reserve actions are implemented in a manner that ensures fairness to other providers of payment services."⁴

In response to the industry's concerns, the Board requested comment last year on the benefits and drawbacks of modifying the Reserve Banks' deposit deadlines and pricing practices for ACH transactions exchanged with PSOs (64 FR 27793, May 21, 1999). Specifically, the Board requested comment on whether the Reserve Banks should (1) modify their deposit deadlines and processing schedules, (2) modify their pricing structure for interoperator transactions, and (3) limit any modifications to PSOs only.

II. Summary of Comments

The Board received fifty-eight responses to its request for comment.⁵ Thirty-two commenters supported and twenty-six commenters opposed modifications to the Reserve Banks' deposit deadlines and pricing practices. Those supporting modifications generally tended to be larger depository institutions and ACH associations that believed modifications would improve competition in the provision of ACH services. Those opposing modifications generally tended to be smaller or medium-sized depository institutions that believed any modifications would lead to higher Reserve Bank fees, which in turn would make them less able to compete in the market for origination services with institutions that use PSO ACH services. Given the diversity in the commenters' views, Board staff invited commenters to a meeting in December 1999 to discuss interoperator issues more fully and to explore alternative approaches to addressing these issues.⁶

A. Deposit Deadlines

The Board requested comment on the benefits and drawbacks of the Reserve

³ The Federal Reserve in the Payments System, Federal Reserve Regulatory Service 7-139.

⁴ Standards Related to Priced-Services Activities of the Federal Reserve Banks, Federal Reserve Regulatory Service 7-136.

⁵ The Board received seventeen comments from small banks and thrifts, fourteen comments from national and regional banks, nine comments from ACH associations and clearinghouses, seven comments from credit unions, five comments from Reserve Banks, three comments from private-sector operators, and three comments from consultants, law firms, and corporate associations.

⁶ This summary of comments reflects commenters' formal responses to the request for comment as well as the views expressed at the December 1999 meeting.