

**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/](http://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 May 21, 2004.

**A. Federal Reserve Bank of Dallas**  
(W. Arthur Tribble, Vice President) 2200 North Pearl Street, Dallas, Texas 75201-2272:

1. *Vintage Shares, Inc.*, Waxahachie, Texas, and *Vintage Shares Delaware, Inc.*, Wilmington, Delaware; to become bank holding companies by acquiring 100 percent of the voting shares of *Vintage Bank*, Waxahachie, Texas.

Board of Governors of the Federal Reserve System, April 21, 2004.

**Robert deV. Frierson,**

*Deputy Secretary of the Board.*

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**FEDERAL RESERVE SYSTEM**

[Docket No. OP-1191]

**Policy Statement on Payments System Risk**

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

**ACTION:** Policy Statement; request for comment.

**SUMMARY:** The Board requests comments on proposed changes to part II of its Policy Statement on Payments System Risk (PSR policy) addressing risk management in payments and securities settlement systems. The purpose of these revisions is to update the policy in light of current industry and supervisory risk-management approaches and new international risk-management standards for payments and securities settlement systems. The key changes include an expansion of the policy's scope to include the Federal Reserve Banks' (Reserve Banks) payments and securities settlement services, revised general risk-management expectations for all systems subject to the policy, and the incorporation of new international risk-management standards for systemically important systems. The Board is also proposing to reorganize the PSR Policy, reversing the current order of parts I and II to provide a more coherent framework for the overall policy and better communicate the Board's objectives with regard to payments system risk. No changes, however, are proposed to the current part I, Federal Reserve Daylight Credit Policies.

**DATES:** Comments must be received by July 26, 2004.

**ADDRESSES:** Comments should refer to Docket No. OP-1191 and may be mailed to Jennifer J. Johnson, Secretary, Board of Governors of the Federal Reserve System, 20th Street and Constitution Avenue, NW., Washington, DC 20551. Please consider submitting your comments through the Board's Web site at <http://www.federalreserve.gov/generalinfo/foia/ProposedRegs.cfm>, by e-mail to [regs.comments@federalreserve.gov](mailto:regs.comments@federalreserve.gov), or by fax to the Office of the Secretary at (202) 452-3819 or (202) 452-3102. Policies proposed by the Board and other federal agencies may also be viewed and commented on at <http://www.regulations.gov>. All public comments are available from the Board's Web site at <http://www.federalreserve.gov/generalinfo/foia/ProposedRegs.cfm> as submitted, except as necessary for technical reasons. Accordingly, your comments

will not be edited to remove any identifying or contact information. Public comments may also be viewed electronically or in paper in Room MP-500 of the Board's Martin Building (20th and C Streets, NW.) between 9 a.m. and 5 p.m. on weekdays.

**FOR FURTHER INFORMATION CONTACT:** Jeff Stehm, Assistant Director ((202) 452-2217), or Doug Conover, Senior Analyst ((202) 452-2887), Division of Reserve Bank Operations and Payment Systems; for the hearing impaired only: Telecommunications Device for the Deaf, (202) 263-4869.

**SUPPLEMENTARY INFORMATION:****I. Background**

Since the early 1980s the Board has published and periodically revised a series of policies encouraging the reduction and management of risks in payments and securities settlement systems.<sup>1</sup> In 1992, the Board issued its "Policy Statement on Payments System Risk," which provided a comprehensive statement of its previously adopted policies regarding payments system risk reduction.<sup>2</sup> Part I of that policy statement covered the provision of intraday credit to Federal Reserve account holders and Part II of that policy statement covered previous policies on risk management in private large-dollar funds transfer networks, private delivery-against-payment securities systems, offshore dollar clearing and netting systems, and private small-dollar clearing and settlement systems.

In this same period, the Federal Reserve also worked with other central banks and securities regulators to develop standards to strengthen payments and securities settlement infrastructures and to promote financial stability. These efforts initially produced the Lamfalussy Minimum Standards, which were incorporated into the Board's PSR policy in 1994.<sup>3</sup> More recently, this work resulted in the publication of the *Core Principles for Systemically Important Payment Systems* (Core Principles), as well as the *Recommendations for Securities Settlement Systems* (Recommendations).<sup>4</sup> The Core

<sup>1</sup> See 50 FR 21120, May 22, 1985; 52 FR 29255, August 6, 1987; and 54 FR 26104 and 26092, June 21, 1989.

<sup>2</sup> 57 FR 40455, September 3, 1992.

<sup>3</sup> 59 FR 67534, December 29, 1994. The Lamfalussy Minimum Standards were set out in the "Report of the Committee on Interbank Netting Schemes of the Central Banks of the Group of Ten Countries," published by the Bank for International Settlements in November 1990.

<sup>4</sup> The Core Principles were developed by the Committee on Payment and Settlement Systems (CPSS) of the central banks of the Group of Ten countries, and the Recommendations were