FEDERAL RESERVE SYSTEM

Change in Bank Control Notices; Acquisitions of Shares of a Bank or Bank Holding Company

The notificants listed below have applied under the Change in Bank Control Act (12 U.S.C. 1817(j)[j]) and § 225.41 of the Board’s Regulation Y (12 CFR 225.41) to acquire shares of 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)[j]).

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 November 21, 2011.

A. Federal Reserve Bank of Minneapolis (Jacqueline G. King, Community Affairs Officer) 90 Hennepin Avenue, Minneapolis, Minnesota 55408–0291:


Board of Governors of the Federal Reserve System, November 1, 2011.

Robert deV. Frierson,
Deputy Secretary of the Board.

[FR Doc. 2011–28602 Filed 11–3–11; 8:45 am]

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FEDERAL RESERVE SYSTEM

[DOcket No. OP–1436]

Federal Reserve Bank Services

AGENCY: Board of Governors of the Federal Reserve System.

ACTION: Notice.

SUMMARY: The Board of Governors of the Federal Reserve System (Board) has approved the private sector adjustment factor (PSAF) for 2012 of $29.9 million and the 2012 fee schedules for Federal Reserve priced services and electronic access. These actions were taken in accordance with the requirements of the Monetary Control Act of 1980, which requires that, over the long run, fees for Federal Reserve priced services be established on the basis of all direct and indirect costs, including the PSAF. The Board has also approved maintaining the current earnings credit rate on clearing balances.

DATES: The new fee schedules and earnings credit rate become effective January 3, 2012.

FOR FURTHER INFORMATION CONTACT: For questions regarding the fee schedules: Susan V. Foley, Associate Director, (202)/452–3596); Samantha J. Pelosi, Manager, Retail Payments, (202)/530–6292); Linda S. Healey, Senior Financial Services Analyst, (202)/452–5274), Division of Reserve Bank Operations and Payment Systems. For questions regarding the PSAF and earnings credits on clearing balances: Gregory L. Evans, Deputy Associate Director, (202)/452–3945); Brenda L. Richards, Manager, Financial Accounting, (202)/452–2753); or John W. Curle, Senior Financial Analyst, (202)/452–3916), Division of Reserve Bank Operations and Payment Systems. For users of Federal Reserve Bank Operations and Payment Systems. For users of

Electronic Services for Credit Unions.

Telecommunications Device for the Deaf (TDD) only, please call 202/263–4869.

Copies of the 2012 fee schedules for the check service are available from the Board, the Federal Reserve Banks, or the Reserve Banks’ financial services Web site at http://www.frbservices.org.

SUPPLEMENTARY INFORMATION:

1. Private Sector Adjustment Factor and Priced Services

A. Overview—Each year, as required by the Monetary Control Act of 1980, the Reserve Banks set fees for priced services provided to depository institutions. These fees are set to recover, over the long run, all direct and indirect costs and imputed costs, including financing costs, taxes, and certain other expenses, as well as the return on equity (profit) that would have been earned if a private business firm provided the services. The imputed costs and imputed profit are collectively referred to as the PSAF. Similarly, investment income is imputed and netted with related direct costs associated with clearing balances to estimate net income on clearing balances (NICB). From 2001 through 2010, the Reserve Banks recovered 97.9 percent of their total expenses (including imputed costs) and targeted after-tax profits or return on equity (ROE) for providing priced services. The Reserve Banks also recovered 102.3 percent in 2011 and budgeted to recover 103.8 percent in 2012. The check service accounts for slightly over half of the total cost of priced services and thus significantly influences the aggregate cost-recovery rate.

Table 1 summarizes 2010 actual, 2011 estimated, and 2012 budgeted cost-recovery rates for all priced services. Cost recovery is estimated to be 102.3 percent in 2011 and budgeted to be 103.8 percent in 2012. The check service accounts for slightly over half of the total cost of priced services and thus significantly influences the aggregate cost-recovery rate.

<table>
<thead>
<tr>
<th>Year</th>
<th>1\ Revenue</th>
<th>2\ Total expense</th>
<th>3\ Net income (roe) [1–2]</th>
<th>4\ Targeted roe</th>
<th>5\ Recovery rate after targeted roe [1/(2+4)]</th>
</tr>
</thead>
<tbody>
<tr>
<td>2010 (actual)</td>
<td>574.7</td>
<td>532.8</td>
<td>41.8</td>
<td>13.1</td>
<td>105.3%</td>
</tr>
<tr>
<td>2011 (estimate)</td>
<td>471.4</td>
<td>441.1</td>
<td>27.3</td>
<td>16.8</td>
<td>102.3%</td>
</tr>
<tr>
<td>2012 (budget)</td>
<td>436.7</td>
<td>419.6</td>
<td>17.1</td>
<td>13.8</td>
<td>100.8%</td>
</tr>
</tbody>
</table>

*Calculations in this table and subsequent pro forma cost and revenue tables may be affected by rounding.

Revenue includes net income on clearing balances. Clearing balances are assumed to be invested in a broad portfolio of investments, such as short-term Treasury securities, government agency securities, federal funds, commercial paper, long-term corporate bonds, and money market funds. To impute income, a constant spread is determined from the historical average return on this portfolio and applied to the rate used to determine the cost of clearing balances. For 2012, investments are limited to short-term Treasury securities and federal funds with no constant spread imputed. NICB equals the imputed income from these investments less earnings credits granted to holders of clearing balances. The cost of earnings credits is based on the discounted three-month Treasury bill rate.

The ten-year recovery rate is based on the pro forma income statement for Federal Reserve priced services published in the Board’s Annual Report. Effective December 31, 2006, the Reserve Banks implemented Statement of Financial Accounting Standards (SFAS) No. 158: Employers’ Accounting for Defined Benefit Pension and Other Postretirement Plans (Accounting Standards Codification (ASC) 715 Compensation—Retirement Benefits), which resulted in recognizing a reduction in equity related to the priced services’ benefit plans. Including this reduction in equity results in cost recovery of 95.1 percent for the ten-year period. This measure of long-run cost recovery is also published in the Board’s Annual Report.