

Rules and Regulations

Federal Register

Vol. 77, No. 211

Wednesday, October 31, 2012

This section of the FEDERAL REGISTER contains regulatory documents having general applicability and legal effect, most of which are keyed to and codified in the Code of Federal Regulations, which is published under 50 titles pursuant to 44 U.S.C. 1510.

The Code of Federal Regulations is sold by the Superintendent of Documents. Prices of new books are listed in the first FEDERAL REGISTER issue of each week.

FEDERAL RESERVE SYSTEM

12 CFR Part 204

[Regulation D; Docket No. R-1446]

RIN 7100 AD 93

Reserve Requirements of Depository Institutions

AGENCY: Board of Governors of the Federal Reserve System.

ACTION: Final rule.

SUMMARY: The Board is amending Regulation D, Reserve Requirements of Depository Institutions, to reflect the annual indexing of the reserve requirement exemption amount and the low reserve tranche for 2013. The Regulation D amendments set the amount of total reservable liabilities of each depository institution that is subject to a zero percent reserve requirement in 2013 at 12.4 million (from \$11.5 million in 2012). This amount is known as the reserve requirement exemption amount. The Regulation D amendments also set the amount of net transaction accounts at each depository institution (over the reserve requirement exemption amount) that is subject to a three percent reserve requirement in 2013 at \$79.5 million (from \$71.0 million in 2012). This amount is known as the low reserve tranche. The adjustments to both of these amounts are derived using statutory formulas specified in the Federal Reserve Act.

The Board is also announcing changes in two other amounts, the nonexempt deposit cutoff level and the reduced reporting limit, that are used to determine the frequency at which depository institutions must submit deposit reports.

DATES: *Effective Date:* November 30, 2012.

Compliance Dates: For depository institutions that report deposit data

weekly, the new low reserve tranche and reserve requirement exemption amount will apply to the fourteen-day reserve computation period that begins Tuesday, November 27, 2012, and the corresponding fourteen-day reserve maintenance period that begins Thursday, December 27, 2012. For depository institutions that report deposit data quarterly, the new low reserve tranche and reserve requirement exemption amount will apply to the seven-day reserve computation period that begins Tuesday, December 18, 2012, and the corresponding seven-day reserve maintenance period that begins Thursday, January 17, 2013. For all depository institutions, these new values of the nonexempt deposit cutoff level, the reserve requirement exemption amount, and the reduced reporting limit will be used to determine the frequency at which a depository institution submits deposit reports effective in either June or September 2013.

FOR FURTHER INFORMATION CONTACT: Sophia H. Allison, Senior Counsel (202/452-3565), Legal Division, or Ezra A. Kidane, Financial Analyst (202/973-6161), Division of Monetary Affairs; for users of Telecommunications Device for the Deaf (TDD) only, contact (202/263-4869); Board of Governors of the Federal Reserve System, 20th and C Streets, NW., Washington, DC 20551.

SUPPLEMENTARY INFORMATION: Section 19(b)(2) of the Federal Reserve Act (12 U.S.C. 461(b)(2)) requires each depository institution to maintain reserves against its transaction accounts and nonpersonal time deposits, as prescribed by Board regulations, for the purpose of implementing monetary policy. Section 11(a)(2) of the Federal Reserve Act (12 U.S.C. 248(a)(2)) authorizes the Board to require reports of liabilities and assets from depository institutions to enable the Board to conduct monetary policy. The Board's actions with respect to each of these provisions are discussed in turn below.

Reserve Requirements

Pursuant to section 19(b) of the Federal Reserve Act (Act), transaction account balances maintained at each depository institution are subject to reserve requirement ratios of zero, three, or ten percent. Section 19(b)(11)(A) of the Act (12 U.S.C. 461(b)(11)(A)) provides that a zero percent reserve

requirement shall apply at each depository institution to total reservable liabilities that do not exceed a certain amount, known as the reserve requirement exemption amount. Section 19(b)(11)(B) provides that, before December 31 of each year, the Board shall issue a regulation adjusting the reserve requirement exemption amount for the next calendar year if total reservable liabilities held at all depository institutions increase from one year to the next. No adjustment is made to the reserve requirement exemption amount if total reservable liabilities held at all depository institutions should decrease during the applicable time period. The Act requires the percentage increase in the reserve requirement exemption amount to be 80 percent of the increase in total reservable liabilities of all depository institutions over the one-year period that ends on the June 30 prior to the adjustment.

Total reservable liabilities of all depository institutions increased about 9.6 percent (from \$5,455 billion to \$5,978 billion) between June 30, 2011, and June 30, 2012. Accordingly, the Board is amending Regulation D to set the reserve requirement exemption amount for 2013 at \$12.4 million, an increase of \$0.9 million from its level in 2012.¹

Pursuant to Section 19(b)(2) of the Act (12 U.S.C. 461(b)(2)), transaction account balances maintained at each depository institution over the reserve requirement exemption amount and up to a certain amount, known as the low reserve tranche, are subject to a three percent reserve requirement. Transaction account balances over the low reserve tranche are subject to a ten percent reserve requirement. Section 19(b)(2) also provides that, before December 31 of each year, the Board shall issue a regulation adjusting the low reserve tranche for the next calendar year. The Act requires the adjustment in the low reserve tranche to be 80 percent of the percentage increase or decrease in total transaction accounts of all depository institutions over the one-year period that ends on the June 30 prior to the adjustment.

¹ Consistent with Board practice, the low reserve tranche and reserve requirement exemption amounts have been rounded to the nearest \$0.1 million.

Net transaction accounts of all depository institutions increased 15.0 percent (from \$1,190 billion to \$1,368 billion) between June 30, 2011 and June 30, 2012. Accordingly, the Board is amending Regulation D to increase the low reserve tranche for net transaction accounts by \$8.5 million, from \$71.0 million for 2012 to \$79.5 million for 2013.

For depository institutions that file deposit reports weekly, the new low reserve tranche and reserve requirement exemption amount will be effective for the fourteen-day reserve computation period beginning Tuesday, November 27, 2012, and for the corresponding fourteen-day reserve maintenance period beginning Thursday, December 27, 2012. For depository institutions that report quarterly, the new low reserve tranche and reserve requirement exemption amount will be effective for the seven-day reserve computation period beginning Tuesday, December 18, 2012, and for the corresponding seven-day reserve maintenance period beginning Thursday, January 17, 2013.

Deposit Reports

Section 11(b)(2) of the Federal Reserve Act authorizes the Board to require depository institutions to file reports of their liabilities and assets as the Board may determine to be necessary or desirable to enable it to discharge its responsibility to monitor and control the monetary and credit aggregates. The Board screens depository institutions each year and assigns them to one of four deposit reporting panels (weekly reporters, quarterly reporters, annual reporters, or nonreporters). The panel assignment for annual reporters is effective in June of the screening year; the panel assignment for weekly and quarterly reporters is effective in September of the screening year.

In order to ease reporting burden, the Board permits smaller depository institutions to submit deposit reports less frequently than larger depository institutions. The Board permits depository institutions with net transaction accounts above the reserve requirement exemption amount but total transaction accounts, savings deposits, and small time deposits below a specified level (the “nonexempt deposit cutoff”) to report deposit data quarterly. Depository institutions with net transaction accounts above the reserve requirement exemption amount but with total transaction accounts, savings deposits, and small time deposits above

the nonexempt deposit cutoff are required to report deposit data weekly. The Board requires certain large depository institutions to report weekly regardless of the level of their net transaction accounts if the depository institution’s total transaction accounts, savings deposits, and small time deposits exceeds a specified level (the “reduced reporting limit”). The nonexempt deposit cutoff level and the reduced reporting limit are adjusted annually, by an amount equal to 80 percent of the increase, if any, in total transaction accounts, savings deposits, and small time deposits of all depository institutions over the one-year period that ends on the June 30 prior to the adjustment.

From June 30, 2011 to June 30, 2012, total transaction accounts, savings deposits, and small time deposits at all depository institutions increased 8.8 percent (from \$8,174 billion to \$8,890 billion). Accordingly, the Board is increasing the nonexempt deposit cutoff level by \$19.0 million to \$290.5 million for 2013 (from \$271.5 million in 2012). The Board is also increasing the reduced reporting limit by \$107 million to \$1.628 billion in 2013 (from \$1.521 billion for 2012).²

Beginning in 2013, the boundaries of the four deposit reporting panels will be defined as follows. Those depository institutions with net transaction accounts over \$12.4 million (the reserve requirement exemption amount) or with total transaction accounts, savings deposits, and small time deposits greater than or equal to \$1.628 billion (the reduced reporting limit) are subject to detailed reporting, and must file a Report of Transaction Accounts, Other Deposits and Vault Cash (FR 2900 report) either weekly or quarterly. Of this group, those with total transaction accounts, savings deposits, and small time deposits greater than or equal to \$290.5 million (the nonexempt deposit cutoff level) are required to file the FR 2900 report each week, while those with total transaction accounts, savings deposits, and small time deposits less than \$290.5 million are required to file the FR 2900 report each quarter. Those depository institutions with net transaction accounts less than or equal to \$12.4 million (the reserve requirement exemption amount) and with total transaction accounts, savings deposits, and small time deposits less than \$1.628 billion (the reduced reporting limit) are eligible for reduced reporting, and must either file a deposit report annually or not at all. Of this

group, those with total deposits greater than \$12.4 million (but with total transaction accounts, savings deposits, and small time deposits less than \$1.628 billion) are required to file the Annual Report of Deposits and Reservable Liabilities (FR 2910a) report annually, while those with total deposits less than or equal to \$12.4 million are not required to file a deposit report. A depository institution that adjusts reported values on its FR 2910a report in order to qualify for reduced reporting will be shifted to an FR 2900 reporting panel.

Notice and Regulatory Flexibility Act

The provisions of 5 U.S.C. 553(b) relating to notice of proposed rulemaking have not been followed in connection with the adoption of these amendments. The amendments involve expected, ministerial adjustments prescribed by statute and by the Board’s policy concerning reporting practices. The adjustments in the reserve requirement exemption amount, the low reserve tranche, the nonexempt deposit cutoff level, and the reduced reporting limit serve to reduce regulatory burdens on depository institutions. Accordingly, the Board finds good cause for determining, and so determines, that notice in accordance with 5 U.S.C. 553(b) is unnecessary. Consequently, the provisions of the Regulatory Flexibility Act, 5 U.S.C. 601, do not apply to these amendments.

List of Subjects in 12 CFR Part 204

Banks, banking, Reporting and recordkeeping requirements.

For the reasons set forth in the preamble, the Board is amending 12 CFR part 204 as follows:

PART 204—RESERVE REQUIREMENTS OF DEPOSITORY INSTITUTIONS (REGULATION D)

- 1. The authority citation for part 204 continues to read as follows:

Authority: 12 U.S.C. 248(a), 248(c), 371a, 461, 601, 611, and 3105.

- 2. Section 204.4(f) is revised to read as follows:

204.4 Computation of required reserves.

* * * * *

(f) For all depository institutions, Edge and Agreement corporations, and United States branches and agencies of foreign banks, required reserves are computed by applying the reserve requirement ratios below to net transaction accounts, nonpersonal time

² Consistent with Board practice, the nonexempt deposit cutoff level has been rounded to the nearest

\$0.1 million, and the reduced reporting limit has been rounded to the nearest \$1 million.

deposits, and Eurocurrency liabilities of the institution during the computation period.

Reservable liability	Reserve requirement
NET TRANSACTION ACCOUNTS:	
\$0 to reserve requirement exemption amount (\$12.4 million)	0 percent of amount.
Over reserve requirement exemption amount (\$12.4 million) and up to low reserve tranche (\$79.5 million).	3 percent of amount.
Over low reserve tranche (\$79.5 million)	\$2,013,000 plus 10 percent of amount over \$79.5 million.
Nonpersonal time deposits	0 percent.
Eurocurrency liabilities	0 percent.

By order of the Board of Governors of the Federal Reserve System, acting through the Director of the Division of Monetary Affairs under delegated authority.

Dated: October 24, 2012.

Robert deV. Frierson,

Secretary of the Board.

[FR Doc. 2012-26662 Filed 10-30-12; 8:45 am]

BILLING CODE 6210-01-P

BUREAU OF CONSUMER FINANCIAL PROTECTION

12 CFR Part 1090

[Docket No. CFPB-2012-0040]

RIN 3170-AA30

Defining Larger Participants of the Consumer Debt Collection Market

AGENCY: Bureau of Consumer Financial Protection.

ACTION: Final rule.

SUMMARY: The Bureau of Consumer Financial Protection (Bureau) amends the regulation defining larger participants of certain consumer financial product and service markets by adding a new section to define larger participants of a market for consumer debt collection. The final rule thereby facilitates the supervision of nonbank covered persons active in that market. The Bureau is issuing the final rule pursuant to the Dodd-Frank Wall Street Reform and Consumer Protection Act. That law grants the Bureau authority to supervise certain nonbank covered persons for compliance with Federal consumer financial law and for other purposes. The Bureau has the authority to supervise nonbank covered persons of all sizes in the residential mortgage, private education lending, and payday lending markets. In addition, the Bureau has the authority to supervise nonbank “larger participant[s]” of markets for other consumer financial products or services, as the Bureau defines by rule. An initial rule defining larger participants of a market for consumer reporting was published in the **Federal**

Register on July 20, 2012 (Consumer Reporting Rule).

DATES: Effective January 2, 2013.

FOR FURTHER INFORMATION CONTACT: Kali Bracey, Senior Counsel, (202) 435-7141, or Susan Torzilli, Attorney-Advisor, (202) 435-7464, Office of Nonbank Supervision, Bureau of Consumer Financial Protection, 1700 G Street NW., Washington, DC 20552.

SUPPLEMENTARY INFORMATION: On February 17, 2012, the Bureau published a notice of proposed rulemaking proposing to define larger participants of two markets identified by the Bureau: consumer reporting and consumer debt collection.¹ On July 20, 2012, the Bureau published the Consumer Reporting Rule.² The Bureau is issuing this final rule to define larger participants of a market for consumer debt collection (Final Consumer Debt Collection Rule). This Final Consumer Debt Collection Rule is the second in a series of rulemakings to define larger participants of markets for consumer financial products and services for purposes of 12 U.S.C. 5514(a)(1).

I. Overview

Title X of the Dodd-Frank Wall Street Reform and Consumer Protection Act (Dodd-Frank Act)³ established the Bureau on July 21, 2010. One of the Bureau’s responsibilities under the Dodd-Frank Act is the supervision of certain nonbank covered persons,⁴ and

¹ 77 FR 9592 (Feb. 17, 2012).

² 77 FR 42874 (July 20, 2012).

³ Public Law 111-203 (codified at 12 U.S.C. 5301 *et seq.*).

⁴ The provisions of 12 U.S.C. 5514 apply to certain categories of covered persons, described in subsection (a)(1), and expressly exclude from coverage persons described in 12 U.S.C. 5515(a) or 5516(a). A “covered person” means “(A) any person that engages in offering or providing a consumer financial product or service; and (B) any affiliate of a person described [in (A)] if such affiliate acts as a service provider to such person.” 12 U.S.C. 5481(6); *see also* 12 U.S.C. 5481(5) (defining “consumer financial product or service”). Under 12 U.S.C. 5514(d), subject to certain exceptions, “to the extent that Federal law authorizes the Bureau and another Federal agency to * * * conduct examinations, or require reports from a person described in subsection (a)(1) under such law for

very large banks, thrifts, and credit unions and their affiliates.⁵

Under 12 U.S.C. 5514, the Bureau has supervisory authority over all nonbank covered persons offering or providing three enumerated types of consumer financial products or services: (1) Origination, brokerage, or servicing of residential mortgage loans secured by real estate, and related mortgage loan modification or foreclosure relief services; (2) private education loans; and (3) payday loans.⁶ The Bureau also has supervisory authority over “larger participant[s] of a market for other consumer financial products or services,” as the Bureau defines by rule.⁷ On July 20, 2012, the Bureau published in the **Federal Register** the Consumer Reporting Rule, which defined larger participants of a market for consumer reporting.⁸ The Consumer Reporting Rule also established various procedures and standards that will apply with respect to all larger participants defined by rule, including those in the market for consumer debt collection that is defined in this Final Consumer Debt Collection Rule.

purposes of assuring compliance with Federal consumer financial law and any regulations thereunder, the Bureau shall have the exclusive authority to * * * conduct examinations [and] require reports * * * with regard to a person described in (a)(1), subject to those provisions of law.”

⁵ *See* 12 U.S.C. 5515(a). The Bureau also has certain authorities relating to the supervision of other banks, thrifts, and credit unions. *See* 12 U.S.C. 5516(c)(1), (e). The Bureau notes that one of the objectives of the Dodd-Frank Act is to ensure that “Federal consumer financial law is enforced consistently without regard to the status of a person as a depository institution, in order to promote fair competition.” 12 U.S.C. 5511(b)(4).

⁶ 12 U.S.C. 5514(a)(1)(A), (D), (E).

⁷ 12 U.S.C. 5514(a)(1)(B), (a)(2). The Bureau also has the authority to supervise any nonbank covered person that it “has reasonable cause to determine, by order, after notice to the covered person and a reasonable opportunity * * * to respond * * * is engaging, or has engaged, in conduct that poses risks to consumers with regard to the offering or provision of consumer financial products or services.” 12 U.S.C. 5514(a)(1)(C). The Bureau has published a notice of proposed rulemaking to establish procedures relating to this provision of the Dodd-Frank Act. 77 FR 31226 (May 25, 2012).

⁸ 77 FR 42874.