

# Fed Letter



## Board of Governors announces two new members and one resignation

Two nominees to the Board of Governors of the Federal Reserve System recently were confirmed by the Senate and given the oath of office by Chairman Alan Greenspan. The new governors are Susan Schmidt Bies, a top executive with First Tennessee National Corporation in Memphis, and Mark Olson, former president of the American Bankers Association and top aide to former Sen. Rod Grams of Minnesota. Bies' term runs until January 2012, and Olson's term ends in January 2010.

Another member of the Board of Governors announced his resignation in mid-December. Edward W. Kelley Jr., the senior member of the board, vacated his position Dec. 31, 2001, after serving more than 14 years.

For more information on the new board members and the resignation, visit the Board of Governors Web site ([www.federalreserve.gov](http://www.federalreserve.gov)), click "Press Releases," then "General."

## Holiday reminder

The Fed will be closed **Monday, Jan. 21**, in observance of Martin Luther King Jr. Day. A listing of the holidays observed by the Federal Reserve System in 2002 is available at [www.federalreserve.gov](http://www.federalreserve.gov). Click "General Information" in the left column, then go to the "Federal Reserve System" section, and click "Holidays Observed by the Federal Reserve, 2002-06."

## 2002 Beige Book release dates announced

The first Beige Book summary of 2002 will be released Jan. 16. For a complete listing of the 2002 Beige Book release dates, visit our Web site ([www.kc.frb.org](http://www.kc.frb.org)), point to "Economic Research and Data," click "Regional Economic Data," then "Beige Book," then "2001 Releases and Upcoming Release Dates." At the bottom of the page, select "2002."

## Manufacturing survey released

The manufacturing survey for the Tenth Federal Reserve District was released Dec. 10, 2001. The most recent survey shows slight improvement in November with a reduction in inventories, price pressures remaining in check, and production, shipments, and capital expenditures doing better than in October. However, most indicators were still below levels from a year ago, and expectations for future orders and capital spending decreased.

To view the current survey, background information, past survey results, and a schedule of 2002 release dates, visit our Web site ([www.kc.frb.org](http://www.kc.frb.org)) and point to "Economic Research and Data." Next, click "Regional Economic Information," and then "Manufacturing Survey."

## Regulatory developments Changes to Reg Z commentary

The Board is proposing to amend its staff commentary on Regulation Z (Truth in Lending). The changes would clarify how creditors that place Truth in Lending Act disclosures on the same document with the credit contract may satisfy the requirement for providing the disclosures in a form the consumer may keep before consummation. The changes also would provide guidance on disclosing the costs of credit insurance, as well as the definition of "business day" for purposes of the right to rescind on certain loans. Comments are due **Feb. 1, 2002**.

## Predatory lending rules finalized

The Board has issued a final rule amending its Regulation Z to help curb predatory lending practices. The amendments broaden the scope of loans subject to the protections of the Home Ownership and Equity Protection Act of 1994 by adjusting the price triggers that determine coverage under the act. The rule also prohibits certain acts and practices in connection with home-secured loans. Compliance with the amendments becomes mandatory on **Oct. 1, 2002**.

**Agencies issue  
privacy FAQs**

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The Board and the other federal banking and thrift agencies have issued guidance in the form of frequently asked questions (FAQs) to help financial institutions comply with the agencies' consumer privacy regulations. For the Federal Reserve, the privacy rules are incorporated into Regulation P (Privacy of Consumer Financial Information). The agencies' FAQs cover various aspects of the privacy rules, including: which entities are covered; when financial institutions must deliver privacy and opt out notices; limits on the use and disclosure of customer information received from an unrelated financial institution; and limits on the disclosure of customer account numbers.

**More information**

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For more information about the three previous items, please contact the Consumer Affairs Department in our Kansas City office at (800) 333-1010, extension 2488 (816-881-2488 locally) or in our Denver office at (800) 333-1020, extension 2605 (303-572-2605 locally).

**Bank Secrecy Act  
enhanced**

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The Board's recent Supervision and Regulation Letter SR 01-29 discusses changes and enhancements to the Bank Secrecy Act (BSA) and other statutes resulting from the USA Patriot Act of 2001. This act contains numerous provisions for fighting international money laundering and blocking terrorist access to the U.S. financial system. For banking organizations, most of these changes are in amendments to the BSA. The changes do not immediately impose new filing or reporting obligations for banking organizations. However, they do require certain additional due diligence and record keeping practices for institutions that maintain, administer, or manage private banking or correspondent accounts for non-United States persons. SR 01-29, which was mailed to specific District institutions, details these provisions and their effective dates. For more information, please contact Lanette Rippetto at (800) 333-1010, extension 2377 (816-881-2377 locally) or by e-mail at [lanette.s.rippetto@kc.frb.org](mailto:lanette.s.rippetto@kc.frb.org).

**Payments System  
Risk Policy revised**

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The Board has revised its Policy Statement on Payments System Risk, effective **Dec. 10, 2001**. (Please note that two of the revisions take effect in 2002). The revised policy, which was recently mailed to District institutions:

- Allows certain depository institutions to pledge collateral to the Federal Reserve to access additional daylight overdraft capacity above their net debit caps.
- Modifies the time electronic check presentments are posted to depository institutions' Federal Reserve accounts for purposes of measuring daylight overdrafts (effective **April 1, 2002**).
- Modifies the net debit cap calculation for U.S. branches and agencies of foreign banks (effective **Feb. 21, 2002**).
- Retains the \$50 million limit on the value of book-entry securities transfers.
- Removes provisions that are now addressed in the Reserve Banks' Automated Clearinghouse operating circular.

If you have any questions or wish to obtain a paper copy of the revised policy, please contact Kathy Lathrop in our Kansas City office at (800) 333-1010, extension 2439, or (816-881-2439 locally) or by e-mail at [kathy.k.lathrop@kc.frb.org](mailto:kathy.k.lathrop@kc.frb.org).

**Internet access**

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Regulatory developments like those mentioned above can be obtained from our Web site at [www.kc.frb.org](http://www.kc.frb.org). Point to "Banking Information" on the home page, then click "Regulations/Other Guidance," and select either of the first two categories, as appropriate.

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Supervisor: Debbie Kaminski  
Editor: Lori Cram  
Graphic Designer: Cindy Doran