

Fed Letter



Third edition of *Basics for Bank Directors* available

The Federal Reserve Bank of Kansas City has published the third edition of *Basics for Bank Directors*. This publication is a practical guide for bank directors to help them be more effective supervisors of their financial institutions. The new edition contains updates resulting from changes in banking law (e.g. Gramm-Leach-Bliley Act of 1999), regulations, and supervisory policy (e.g. determination of an adequate allowance for loan and lease losses). To request a copy of the book, contact the Forms Customer Service unit at (800) 410-1691. The book also is available on our Web site (www.kc.frb.org). Point to "Publications and Educational Resources," click "Financial Industry Info," then "Basics for Bank Directors."

January 2002 update to Beige Book announced

The first update of the year was made to the Beige Book on Jan. 16. The Beige Book is a summary of the current economic conditions in each Federal Reserve District. Reports from the Federal Reserve Districts showed that economic activity generally remained weak from November through early January. Although there were still indications of caution, there also were scattered reports of improvement, and many Districts reported that their contacts believe a recovery will begin by mid-year or earlier.

For details about national and Tenth District economic activity, visit our Web site (www.kc.frb.org). Point to "Publications & Educational Resources," click "Economic Resources," and then "Current Economic Conditions."

Manufacturing survey released

The manufacturing survey for the Tenth Federal Reserve District was released Jan. 14. The survey asks plant managers about a variety of manufacturing indicators. The information is compiled into a snapshot of manufacturing in the District. The most recent survey showed that manufacturing activity remained sluggish in December; however, expectations for increases in production shipments and orders during the next six months rose to the highest level since last spring.

To view the current survey and past survey results, visit our Web site (www.kc.frb.org) and point to "Economic Research and Data." Next, click "Regional Economic Information" and then "Manufacturing Survey."

Welcome new member banks

The Kansas City Fed is pleased to welcome the following state member banks to the Federal Reserve System in the Tenth District:

InterBank	Elk City, Okla.	Dec. 26, 2001
Farmers Bank	Ault, Colo.	Dec. 28, 2001
Bank 2	Oklahoma City, Okla.	Jan. 7, 2002
Mountain States Bank	Denver, Colo.	Jan. 18, 2002

Holiday reminder

The Fed will be closed **Monday, Feb. 18**, in observance of Presidents Day. A listing of the holidays observed by the Federal Reserve System in 2002 is available at www.kc.frb.org. Point to "About the Fed," click "Tenth District," then "Bank Holiday Schedule."

Greenspan discusses the economy

Alan Greenspan, chairman of the Board of Governors of the Federal Reserve System, spoke recently at the Bay Area Council Conference in San Francisco about the status of the nation's economy. In the Jan. 11 speech, Greenspan outlined economic activity during the past year and a half and discussed how the events of Sept. 11 have impacted the economy.

A complete copy of Greenspan's speech is available on the Board's Web site (www.federalreserve.gov). Click "Testimony and Speeches" in the left column, then "Speeches of the Federal Reserve Board Members," then "January 11, 2002."

Board of Governors announces resignation

The Board of Governors of the Federal Reserve System has announced the resignation of Laurence H. Meyer, effective Jan. 31. Meyer began his term June 20, 1996. During much of his term, he served as chairman of the Board's Committee on Supervisory and Regulatory Affairs, where he oversaw the Board's regulatory implementation of the Gramm-Leach-Bliley Act and its participation in negotiations toward a new international capital accord.

For more information about the resignation, visit the Board's Web site (www.federalreserve.gov), click "Press Releases," then "General."

Tennessee state quarter available

The newest commemorative quarter, Tennessee, is now available throughout the District. The U.S. Mint will issue five new quarters this year in the order the states joined the Union. Tennessee is the first quarter issued in 2002 and the 16th quarter issued since the program began in 1999. The second through fifth quarters to be issued in 2002 will be the Ohio, Louisiana, Indiana, and Mississippi state quarters. The program is scheduled to conclude in 2008, with all 50 states' quarters having been produced.

For information about the 50 State Quarters™ Program, visit the U.S. Mint Web site at www.usmint.gov. From the column on the left, click "Mint Programs" then "50 State Quarters™ Program."

(The 50 State Quarters™ Program is a registered trademark of The U.S. Mint.)

Regulatory developments Final capital rule for nonfinancial equity investments

The Federal Reserve and the other banking supervisors have adopted final rules governing the regulatory capital treatment of equity investments in nonfinancial companies held by banks, bank holding companies, and financial holding companies. The agencies' final rules are substantially similar to the revised proposed rules jointly issued for public comment last year. The final rules will become effective **April 1, 2002**.

The new capital requirements apply symmetrically to equity investments made by banks and their holding companies in nonfinancial companies under the legal authorities specified in the final rules. Among others, these include the merchant banking authority granted by the Gramm-Leach-Bliley Act and the authority to invest in small business investment companies (SBICs) granted by the Small Business Investment Act. For the Federal Reserve, these new rules amend portions of Regulations H (Membership of State Banking Institutions in the Federal Reserve System) and Y (Bank Holding Companies and Change in Bank Control). For more information, contact Joe Van Walleghem in our Kansas City office at (800) 333-1010, extension 2387 (816-881-2387 locally), or by e-mail at joe.vanwalleghem@kc.frb.org.

Internet access

Regulatory developments like those above can be obtained from our Web site (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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February 2002

Fed Letter is published by the Public Affairs Corporate Communications Group of the Federal Reserve Bank of Kansas City, 925 Grand Boulevard, Kansas City, Missouri, 64198-0001, (800) 333-1010. **Fed Letter** also is available on the Internet at <http://www.kc.frb.org>.

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