

# Fed Letter



## Holiday reminder

The Fed will be closed Monday, **Feb. 17, 2003**, in observance of Presidents' Day. A list of the holidays observed by the Federal Reserve System through 2005 is available at [www.kc.frb.org](http://www.kc.frb.org). Point to "Services for Financial Institutions," click "Publications," and then "Holiday Schedule."

## Welcome new member bank

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

Bank of Yutan	Yutan, Neb.	Jan. 13, 2003
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## Beige Book released

The Beige Book was released Jan. 15. The Beige Book is a summary of current economic conditions in each Federal Reserve District. Reports from the 12 districts indicated subdued growth in economic activity, with little change in overall conditions since the last survey period. Locally, the economy was sluggish in December.

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

## Comments sought for online Fedwire® Funds Service proposal

The Federal Reserve Board has requested comment on a proposal to expand the operating hours of the online Fedwire Funds Service. Under the proposal, the Fedwire Funds Service would be open 3½ hours earlier than the current time of 12:30 a.m. Eastern time. The closing time for the service would remain unchanged at 6:30 p.m. To learn more about the proposal or to find out how to submit comments, visit the Board's Web site at [www.federalreserve.gov](http://www.federalreserve.gov). In the left column, click "News and Events," then "All Press Releases," then "2002," and then "December 16, 2002 — Proposal to expand operating hours for the online Fedwire Funds Service."

"Fedwire" is a registered service mark of the Federal Reserve Banks.

## Regulatory developments Flood insurance program restored

The Board recently informed state member banks of the reauthorization of the National Flood Insurance Program (NFIP) by Congress, retroactive to Dec. 31, 2002. The authority of the Federal Emergency Management Agency (FEMA) to issue flood insurance policies expired on Dec. 31, 2002, after Congress adjourned without extending FEMA's issuance authority. On Dec. 20, 2002, the Board and the other federal regulatory agencies jointly issued interim guidance to assist borrowers and lenders in dealing with questions about what to do during the lapse. On Jan. 13, 2003, President Bush signed the National Flood Insurance Program Reauthorization Act into law. The act extends the authorization of the NFIP to **Dec. 31, 2003**.

## Reporting threshold unchanged

The Board has issued notice that the asset-size exemption threshold for depository institutions under Regulation C (Home Mortgage Disclosure) will remain unchanged for 2003 at \$32 million. As a result, depository institutions with assets of \$32 million or less as of Dec. 31, 2002, are exempt from data collection in 2003. An institution's exemption from collecting data in 2003 does not, however, affect its responsibility to report the data it was required to collect in 2002.

Any questions about the above two items should be directed to the Consumer Affairs Department in our Denver office at (800) 333-1020, extension 2605 (303-572-2605 locally), or in our Kansas City office at (800) 333-1010, extension 2488 (816-881-2488 locally).

**Proposed  
disciplinary actions  
for accountants**

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The Board and the other federal bank and thrift regulatory agencies recently published proposed rules governing their authority to take disciplinary actions against independent public accountants and accounting firms that perform audit and attestation services required under Section 36 of the Federal Deposit Insurance Act. The proposed rules would establish procedures under which the agencies could, for good cause, remove, suspend, or bar an accountant or firm from performing audit and attestation services for insured depository institutions with assets of \$500 million or more. The comment period expires on **March 10, 2003**. Questions about this proposal should be directed to Jane Padget in our Kansas City office at (800) 333-1010, extension 2147 (816-881-2147 locally) or by e-mail at [jane.m.padget@kc.frb.org](mailto:jane.m.padget@kc.frb.org).

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**Suspicious Activity  
Reports for  
nonbank firms**

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The Board has issued Supervision and Regulation Letter SR 02-24, which provides guidance regarding the suspicious activity reporting rules that apply to state member banks and bank holding companies and their nonbank subsidiaries supervised by the Federal Reserve. These institutions must file Suspicious Activity Reports (SARs) to report known or suspected violations of law and activities relating to suspected money laundering or violations of the Bank Secrecy Act. However, the Treasury Department has utilized its own authority under the USA Patriot Act to adopt suspicious activity reporting requirements for securities broker-dealers, certain money services businesses, and insurance companies, including those affiliated with bank holding companies and state member banks. Consequently, certain nonbank entities covered by the Board's SAR regulations could be subject to two separate suspicious activity reporting requirements. SR 02-24 clarifies that a nonbank subsidiary of a bank holding company or state member bank will satisfy the Board's SAR filing requirements if it files suspicious activity reports in accordance with the applicable Treasury regulation. Questions regarding SR 02-24 should be directed to Lanette Rippeto in our Kansas City office at (800) 333-1010, extension 2377 (816-881-2377 locally) or by e-mail at [lanette.s.rippeto@kc.frb.org](mailto:lanette.s.rippeto@kc.frb.org).

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**Guidance on new  
Regulation W**

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Through its Supervision and Regulation Letter SR 03-02, the Board has provided a review of the more significant provisions of its new Regulation W, which implements the provisions of sections 23A and B of the Federal Reserve Act. Among the topics included in the Board's review are the treatment of derivatives and intraday credit in the regulation, the rules that apply to the activities of financial subsidiaries of banks, the exemption for general purpose credit cards, the so-called "250.250" exemption for nonbank affiliates, and affiliated mutual funds. The final version of the regulation was published late last year and will become effective on **April 1, 2003**. Questions regarding SR 03-02 or the new Regulation W should be directed to Paul Willis in our Kansas City office at (800) 333-1010, extension 2884 (816-881-2884 locally) or by e-mail at [jpaul.willis@kc.frb.org](mailto:jpaul.willis@kc.frb.org).

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**Internet access**

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Regulatory developments like those 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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**February 2003**

**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** is available on the Internet at <http://www.kc.frb.org>.

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