

Fed Letter



2001 Annual Report available online

The Federal Reserve Bank of Kansas City's 2001 Annual Report is now available online. The report features a message from President Thomas M. Hoenig focusing on the Federal Reserve's response to the tragic events of Sept. 11 and the regional Bank's role in the Federal Reserve System.

To view the 2001 Annual Report, visit our Web site (www.kc.frb.org) and point to "About the Fed." Next, click "Annual Report."

Holiday reminder

The Fed will be closed Monday, May 27, in observance of Memorial 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."

Manufacturing survey released

The manufacturing survey for the Tenth Federal Reserve District was released April 8. The survey asks plant managers about a variety of manufacturing indicators. The information is compiled into a snapshot of manufacturing in the District. Manufacturing activity in the District showed further signs of improvement in March, with expectations for future production and employment reaching two-year highs.

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."

E-mail notification reminder

Remember that you can now receive *Fed Letter* by e-mail. If you would like to be added to the electronic mailing list, send your name, the name of your institution, and your e-mail address to lori.cram@kc.frb.org. You will receive *Fed Letter* in both Word and PDF formats each month. You also can send a request to have your name removed from the list if you currently receive *Fed Letter* by e-mail and do not want to continue to receive it in that format.

Web site provides insight regarding the FOMC

Information about the 12-member Federal Open Market Committee (FOMC) and its regularly scheduled meetings is available on the Board of Governor's Web site.

The Web site provides a schedule of meetings for 2002, statements in the form of press releases issued after FOMC meetings, links to minutes from the FOMC meetings, and transcripts of procedures adopted by the group. There's also information about the FOMC's membership and makeup, and a summary of the committee's role in influencing monetary policy. To visit the Web site, go to www.federalreserve.gov, click "Monetary Policy" in the left column, then "Federal Open Market Committee."

Regulatory developments Reg Z commentary revised

The Board has revised its official staff commentary to Regulation Z (Truth in Lending), which applies and interprets the requirements of the regulation. The revisions clarify how creditors that place Truth in Lending Act disclosures on the same document with the credit contract can satisfy the requirement for providing the disclosures, in a form the consumer can keep, before consummation. The revisions also provide guidance on disclosing costs for certain credit insurance policies and on the definition of "business day" for purposes of the right to rescind certain home-secured loans. The Board also is publishing technical corrections to the commentary and the regulation itself.

Questions about the revisions, or requests for a copy, should be directed to 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).

Agencies revise risk-weight standard

The Board and the other federal banking agencies have issued a final rule amending their risk-based capital standards for banks, bank holding companies, and savings associations to reduce the risk weight applied to claims on, or guaranteed by, qualifying securities firms. The final rule lowers the risk weight applied to certain claims on qualifying securities firms from 100 percent to 20 percent. This change is consistent with the treatment of claims on securities firms under an April 1998 amendment to the Basel Accord. For more information about this rule, please contact Mark Schulte in our Kansas City office at (800) 333-1010, extension 2930 (816-881-2930 locally) or by e-mail at mark.schulte@kc.frb.org.

Revisions to Regulation H

The Board's Supervision and Regulation Letter SR 02-9 reiterates the requirement in Regulation H that state member banks receive the prior approval of the Board before making any significant change in business plans. In view of the trend toward more diverse, complex, and, at times, riskier activities of some banks, the prior approval requirements of Regulation H have become more important. Changes in the general character of a bank's business would include, for example, becoming a primarily Internet-focused or Internet-only operation, or concentrating solely on subprime lending or leasing activities. Questions regarding SR 02-9, which was mailed to District state member banks, should be directed to Michelle Hopper in our Kansas City office at (800) 333-1010, extension 2427 (816-881-2427 locally) or by e-mail at dmichelle.hopper@kc.frb.org.

Guidance on trust preferred hedges

The Board's Supervision and Regulation Letter SR 02-10 discusses the capital treatment for a banking organization that has issued trust preferred securities and uses interest rate derivative contracts to hedge the interest rate risk on those securities. SR 02-10 explains that such hedge contracts must have symmetrical deferral terms for both the organization and its counterparty. If the deferral terms of the interest rate derivative contracts are not symmetrical, the trust preferred securities may not be included in Tier 1 capital. Questions about SR 02-10 should be directed to Mark Schulte in our Kansas City office at (800) 333-1010, extension 2930 (816-881-2930 locally) or by e-mail at mark.schulte@kc.frb.org.

Internet access

Regulatory developments like those above can be obtained from our Web site at 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.

E-mail notification

You can receive e-mail alerts about regulatory developments like those listed above by signing up for the e-alert service available through our Web site (www.kc.frb.org). Click "E-MAIL UPDATES" at the bottom of the left column and then select the "Supervision and Regulation" category and any other categories of interest. Fill in your e-mail address and click "Subscribe."

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Supervisor: Debbie Kaminski
Editor: Lori Cram
Graphic Designer: Beth Welsh