

Fed Letter



Amendments announced to Appendix A of Regulation CC

The Federal Reserve Board announced amendments to Appendix A of Regulation CC that reflect the restructuring of the Federal Reserve's check processing operations in the Fourth and Fifth Districts (Cleveland and Richmond). These amendments are part of a series of amendments to Appendix A that will take place through the end of 2004, associated with the previously announced restructuring of the Reserve Banks' check processing operations.

Appendix A provides a routing number guide that helps depository institutions determine the maximum permissible hold periods for most deposited checks. As of **June 26, 2004**, the Charleston office of the Federal Reserve Bank of Richmond no longer will process checks, and banks currently served by that office for check processing purposes will be reassigned to the Cincinnati office of the Federal Reserve Bank of Cleveland.

The press release and the Board's Federal Register notice announcing these amendments are available through the Board's Web site (www.federalreserve.gov). Click "News and Events" in the left column, then "Banking and Consumer Regulatory Policy," and then "April 9, 2004: Restructuring of check processing operations in the Fourth and Fifth Districts, amendments to Appendix A of Regulation CC."

Brochure on predatory lending now available in Spanish

The Federal Interagency Task Force on Fair Lending (which includes the Federal Reserve Board as well as other banking regulators and housing agencies) has published a Spanish-language version of a brochure that alerts consumers to potential borrowing pitfalls, including high-cost home loans, and provides tips for getting the best financing deal possible. The brochure, "Utilizar su hogar como garantía para un préstamo es arriesgado (Putting Your Home on the Loan Line is Risky Business)," warns that, regardless of whether a home equity loan is for a home repair, bill consolidation, or some other purpose, it is important to shop around.

The brochure is available on the agencies' Web sites, including the Federal Reserve's at <http://www.federalreserve.gov/pubs/riskyhomeloans/riskyspanish.htm>. Single copies of the brochures in English or Spanish are available free of charge from Publications, Stop 127, Federal Reserve Board, 20th and C Streets, N.W., Washington, D.C. 20551; (202) 452-3245.

Check Seminars coming to Kansas, Missouri, and Oklahoma

The Federal Reserve Bank of Kansas City will be hosting Check Seminars throughout western Missouri, Kansas, and Oklahoma during May and June. At the seminar, financial institutions can learn more about the restructuring of check processing and adjustment operations within the Tenth District and the benefits of the Check Clearing for the 21st Century Act (Check 21) and preview new products available from the Federal Reserve.

Seminar dates are available on our Web site at www.kc.frb.org. Click "News & Events," then "Upcoming Events," and then "Check Seminars." Interested individuals also may register through this Web site. All enrollments must be received at least two weeks prior to the session.

New president and CEO named for San Francisco Fed

The Federal Reserve Bank of San Francisco named Janet L. Yellen to serve as the bank's new president and chief executive officer beginning mid-June. Yellen currently is the Eugene E. and Catherine M. Trefethen Professor of Business at the Haas School of Business, and professor of economics at the University of California at Berkeley. She succeeds Robert T. Parry, who served as the bank's president for 18 years.

More information about Yellen is available on the Board of Governors' Web site (www.federalreserve.gov). In the left column, click "News and Events," then "All Press Releases," and then "April 12, 2004: Dr. Janet L. Yellen named President and CEO of the Federal Reserve Bank of San Francisco."

Holiday reminder

The Fed will be closed Monday, **May 31, 2004**, for Memorial Day. A listing of the holidays observed by the Federal Reserve System is available at www.frbservices.org. In the left column, click "Holiday Schedules."

Manufacturing survey released

The monthly manufacturing survey for the Tenth Federal Reserve District was released April 12. The survey asks plant managers about a variety of manufacturing indicators. The information is compiled into a snapshot of manufacturing in the District. In March, manufacturing activity in the District expanded further with increases in the production and employment indexes. Additionally, expectations for future activity remained strong.

To view the current survey, visit our Web site (www.kc.frb.org) and point to "Economic Research & Data." Next, click "Regional Economic Information," then "Manufacturing Survey," and then "Current Survey (April 12, 2004)."

Payments System Research unveils new publication

The inaugural issue of *Payments System Research Briefing* was launched in March on our Web site (www.kc.frb.org). The new publication will be produced three times per year by the Payments System Research Department. It will focus on a variety of payments system issues and share the department's special announcements and listings of upcoming activities.

The first issue of *Payments System Research Briefing* examines "A Payments System in Transition" and discusses the shift toward greater use of electronic payment instruments and processes.

Payments System Research Briefing is available on our Web site by clicking the "Payments System Research" button at the bottom of the left column, then "Publications," then "Briefings," and then "March 2004."

Latest issue of *Economic Review* available

The first quarter 2004 issue of the *Economic Review* now is available on our Web site (www.kc.frb.org). Topics covered in the issue include: "How Do Data Revisions Affect the Evaluation and Conduct of Monetary Policy," "Economic Policy Implications of World Demographic Change," and "Will the Farm Rebound Lead a Rural Recovery?"

To read the articles, visit our Web site and point to "Economic Research & Data." Next, click "Research & Publications," then "Economic Review," and then the appropriate article under "First Quarter 2004."

Regulatory developments Proposed amendments to Regulation V

On April 7, the Federal Reserve Board issued proposed amendments to Regulation V, which implements the Fair Credit Reporting Act (FCRA). The amendments would add a model form for financial institutions to use if they furnish negative information to consumer reporting agencies. Under the Fair and Accurate Credit Transactions Act amendments to the FCRA, the Board is required to publish, after notice and comment, a concise model form (not to exceed 30 words in length) that financial institutions may use to comply with the notice requirement for furnishing negative information to consumer reporting agencies. The model form must be issued in final form by June 4, 2004.

Comment on the proposed rule must be received by **May 9, 2004**. Questions may 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).

Regulation Z revisions

On March 26, the Federal Reserve Board issued revisions to Regulation Z, which implements the Truth in Lending Act, and to the official staff commentary that applies and interprets the requirements of the regulation. Regulation Z is revised to add an interpretative rule of construction to clarify that, where the word “amount” is used in the regulation to describe disclosure requirements, it refers to a numerical amount. In addition, revisions to the staff commentary provide guidance on consumers’ exercise of rescission rights for certain home-secured loans. The Board also is publishing several technical revisions to the commentary. The revisions were effective April 1, 2004. The date for mandatory compliance is **Oct. 1, 2004**.

Questions may 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).

Policy statement on Payments System Risk

The Board of Governors has issued a request for comments on proposed changes to part II of its Policy Statement on Payments System Risk (PSR policy) addressing risk management in payments and securities settlement systems. The purpose of these revisions is to update the policy in light of current industry and supervisory risk-management approaches and new international risk-management standards for payments and securities settlement systems. The key changes include an expansion of the policy’s scope to include the Federal Reserve Banks’ (Reserve Banks) payments and securities settlement services, revised general risk-management expectations for all systems subject to the policy, and the incorporation of new international risk-management standards for systemically important systems. The Board also is proposing to reorganize the PSR policy, reversing the current order of parts I and II to provide a more coherent framework for the overall policy and better communicate the Board’s objectives with regard to payments system risk. No changes, however, are proposed to the current part I, Federal Reserve Daylight Credit Policies.

The public comment period will be open for 90 days following publication of the proposal in the Federal Register. Further details, including the specific comment deadline, will be conveyed when available. For more information, contact Kathy Lathrop in the Credit and Risk Management Department in the Kansas City office at (800) 333-1010, extension 2439 (816-881-2439 locally) or by e-mail at kathy.k.lathrop@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, as appropriate.

Fed Letter

May 2004

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.

Editor: Lori Cram

Supervisor: Lowell Jones

Graphic Designer: Beth Norman