

Fed Letter



Federal Reserve Board announces chairmen and deputy chairmen

The Federal Reserve Board has announced the appointment of chairmen and deputy chairmen of the 12 Federal Reserve Banks for 2006. Each Reserve Bank has a nine-member board of directors. The Board of Governors in Washington, D.C., appoints three of these directors and designates one of its appointees as chairman and the second as deputy chairman.

For the Federal Reserve Bank of Kansas City, Robert A. Funk, chairman of the board and chief executive officer, Express Personnel Services International in Oklahoma City, was named chairman again. Lu M. Cordova, president, CTEK Venture Centers in Denver, was named deputy chairman.

To see the complete list of appointees for all Reserve Banks, visit the Board website at <http://www.federalreserve.gov/boarddocs/press/other/2005/20051123/default.htm>.

Manufacturing Survey released

The monthly manufacturing survey for the Tenth Federal Reserve District was released Oct. 26. 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 expanded solidly in October and future activity remained strong.

To view the current survey, visit <http://www.kansascityfed.org/mfgsurv/2005Oct26mfg.htm>.

2006 fee schedules and PSAF announced

The Board of Governors has approved the 2006 fee schedules for Federal Reserve Bank financial services (effective Jan. 3, 2006). Fee schedules for most priced services, as well as local check fee schedules are available on the Federal Reserve Banks' Financial Services website at <http://www.frbservices.org/FeeSchedules/index.html>.

The Board also approved the 2006 private-sector adjustment factor (PSAF) for Reserve Bank priced services.

For more information about the 2006 fee schedules and PSAF, see the press release on the Board's website <http://www.federalreserve.gov/boarddocs/press/other/2005/20051102/default.htm>.

Holiday reminder

The Federal Reserve Bank of Kansas City will be closed **Monday, Dec. 26, 2005**, in observance of Christmas, and **Monday, Jan. 2, 2006**, in observance of New Year's Day. A listing of the holidays observed by the Federal Reserve System through 2006 is available at www.frbservices.org. In the left column, click "Holiday Schedules."

Regulatory developments

Examination treatment of assets related to the Tobacco Transition Payment Program

On Nov. 2, the Federal Reserve issued guidance to examiners with regard to the proper treatment of assignments of tobacco transition payments and successor-in-interest contract payments under the U.S. Department of Agriculture's (USDA) Tobacco Transition Payment Program (TTPP). The guidance discusses these payments in relation to the assessment of risk management (with regard to proper assignment of payments), as well as for the purposes of regulatory reporting and capital. The Federal Reserve issued the guidance under Supervision and Regulation (SR) Letter 05-21.

The Tobacco Payment Program established the TTPP. The legislation permanently ended the federal tobacco market quota and price support loan programs. To facilitate the transition of tobacco farmers from subsidized farming to an open market, the USDA will oversee the disbursement, through the Commodity Credit Corporation (CCC), of approximately \$9.6 billion in Tobacco Buyout Program payments to eligible beneficiaries. The USDA has identified 16 states that this legislation will affect. These states are: Alabama, Arkansas, Florida, Georgia, Indiana, Kansas, Kentucky, Missouri, North Carolina, Ohio, Oklahoma, South Carolina, Tennessee, Virginia, West Virginia, and Wisconsin.

FACT Act rules on medical information

On Nov. 17, the federal bank, thrift, and credit union regulatory agencies issued final rules under the Fair Credit Reporting Act (FCRA) that create exceptions to the statutory prohibition against obtaining or using medical information in connection with credit eligibility determinations. The final rules, which are substantially identical to the interim final rules issued by the agencies in June 2005, also address the sharing of medically related information among affiliates.

Section 411 of the Fair and Accurate Credit Transactions Act of 2003 (FACT Act) amended the FCRA to provide that a creditor may not obtain or use medical information in connection with any determination of a consumer's eligibility, or continued eligibility, for credit, except as permitted by regulations. The final rules permit creditors to obtain and use medical information that is typically considered in credit underwriting. In addition, section 411 of the FACT Act also amended the FCRA to limit the ability of creditors and others to share medically related information among affiliates, except as permitted by the statute, regulation, or order. The final rules specify the circumstances in which certain creditors may share medically related information among affiliates without becoming consumer reporting agencies. The effective date for these final rules is **April 1, 2006**.

Final rules on post-employment restrictions for senior examiners

The federal bank and thrift regulatory agencies issued final rules on Nov. 17 to implement a special post-employment restriction on certain senior examiners employed by an agency or Federal Reserve Bank, as required by the Intelligence Reform and Terrorism Prevention Act of 2004.

Under the final rules, if an examiner serves as the senior examiner for a depository institution or depository institution holding company for two or more months during the examiner's final 12 months of employment with an agency or Federal Reserve Bank, the examiner may not knowingly accept compensation as an employee, officer, director, or consultant from that institution, holding company, or certain related entities. The restriction applies for one year after leaving the employment of the agency or Reserve Bank. The final rules are effective on **Dec. 17, 2005**.

Internet access

Regulatory developments like those above can be obtained from our website at www.kansascityfed.org. Point to “Banking Information” on the home page, then click “Regulations/Guidance” and select either of the first two categories, as appropriate.

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