EXPORT-IMPORT BANK OF THE UNITED STATES

[Public Notice 41]

Agency Information Collection Activities; Proposed Collection; Common Request

AGENCY: Export-Import Bank of the United States (Ex-Im Bank).

ACTION: Notice and request for comments.

SUMMARY: Ex-Im Bank as a part of its continuing effort to reduce paperwork and respondent burden, invites the general public and other Federal agencies to take this opportunity to comment on the proposed information collection, as required by the Paperwork Reduction Act of 1995.

DATES: Written comments should be received on or before August 28, 2000 to be assured of consideration.

ADDRESSES: Direct all written comments and requests for additional information to Carlista Robinson, 811 Vermont Avenue, N.W., Room 764, Washington, D.C. 20571, (202) 565-3351.

SUPPLEMENTARY INFORMATION:

Title: U.S. Small Business Administration, Export-Import Bank of the United States, Joint Application for Working Capital Guarantee.

OMB Number: 3048–0003.

Form Number: EIB–SBA 84–1 (Rev. 8/2000).

Type of Review: Revision.

Abstract: The proposed form is to be used by commercial banks and other lenders as well as U.S. Exporters in applying for guarantees on working capital loans advanced by the lenders to U.S. exporters.

Frequency of use: Upon application for guarantees on working capital loans advanced by the lenders to U.S. exporters.

Respondents: Commercial banks and other lenders, as well as U.S. exporters throughout the United States.

Estimated total number of annual responses: 600.

Estimated time per respondent: 2 hours.

Estimated total number of hours needed to fill out the form: 1200.

Request for comment: Comments are invited on: (a) Whether the collection of information is necessary for the proper performance of the functions of the agency, including whether the information shall have practical utility; (b) the accuracy of the agency's estimate of the burden of the collection of information; (c) ways to enhance the quality, utility, and clarity of the information to be collected; and (d) ways to minimize the burden of the collection of information on respondents, including through the use of automated collection techniques or other forms of information technology.

Dated: June 26, 2000.

Carlista D. Robinson,

Agency Clearance Officer.

[FR Doc. 00–16590 Filed 6–29–00; 8:45 am]

BILLING CODE 6690–01–M

FEDERAL DEPOSIT INSURANCE CORPORATION

Differences in Capital and Accounting Standards Among the Federal Banking and Thrift Agencies; Report to Congressional Committees

AGENCY: Federal Deposit Insurance Corporation (FDIC).

ACTION: Report to the Committee on Banking and Financial Services of the U.S. House of Representatives and to the Committee on Banking, Housing, and Urban Affairs of the United States Senate regarding differences in capital and accounting standards among the Federal banking and thrift agencies.

SUMMARY: This report has been prepared by the FDIC pursuant to Section 37(c) of the Federal Deposit Insurance Act (12 U.S.C. 1831n(c)). Section 37(c) requires each federal banking agency to report to the Committee on Banking and Financial Services of the House of Representatives and to the Committee on Banking, Housing, and Urban Affairs of the Senate any differences between any accounting or capital standard used by such agency and any accounting or capital standard used by any other such agency. The report must also contain an explanation of the reasons for any discrepancy in such accounting and capital standards and must be published in the **Federal Register**.

FOR FURTHER INFORMATION CONTACT: Robert F. Storch, Chief, Accounting Section, Division of Supervision, Federal Deposit Insurance Corporation, 550 17th Street, NW., Washington, D.C. 20429, telephone (202) 898–8906.

SUPPLEMENTARY INFORMATION: The text of the report follows:

Report to the Committee on Banking and Financial Services of the U.S. House of Representatives and to the Committee on Banking, Housing, and Urban Affairs of the United States Senate Regarding Differences in Capital and Accounting Standards Among the Federal Banking and Thrift Agencies

A. Introduction

The Federal Deposit Insurance Corporation (FDIC) has prepared this report pursuant to Section 37(c) of the Federal Deposit Insurance Act. Section 37(c) requires the agency to submit a report to specified Congressional Committees describing any differences in regulatory capital and accounting standards among the federal banking and thrift agencies, including an explanation of the reasons for these differences. Section 37(c) also requires the FDIC to publish this report in the **Federal Register**. This report covers differences existing during 1999 and developments affecting these differences.

The FDIC, the Board of Governors of the Federal Reserve System (FRB), and the Office of the Comptroller of the Currency (OCC) (hereafter, the banking agencies) have substantially similar leverage and risk-based capital standards. While the Office of Thrift Supervision (OTS) employs a regulatory capital framework that also includes leverage and risk-based capital requirements, it differs in some respects from that of the banking agencies. Nevertheless, the agencies view the leverage and risk-based capital requirements as minimum standards and most institutions are expected to operate with capital levels well above the minimums, particularly those institutions that are expanding or experiencing unusual or high levels of risk.

The banking agencies, under the auspices of the Federal Financial Institutions Examination Council (FFIEC), have developed uniform Reports of Condition and Income (Call Reports) for all insured commercial banks and FDIC-supervised savings banks. The OTS requires each savings association to file the Thrift Financial Report (TFR). The reporting standards for recognition and measurement in both the Call Report and the TFR are consistent with generally accepted accounting principles (GAAP). Thus, there are no significant differences in reporting standards among the agencies. However, two minor differences remain between the standards of the banking agencies and those of the OTS.

Section 303 of the Riegle Community Development and Regulatory

Improvement Act of 1994 (12 U.S.C. 4803) requires the banking agencies and the OTS to conduct a systematic review of their regulations and written policies in order to improve efficiency, reduce unnecessary costs, and eliminate inconsistencies. It also directs the four agencies to work jointly to make uniform all regulations and guidelines implementing common statutory or supervisory policies. The results of these efforts must be ''consistent with the principles of safety and soundness, statutory law and policy, and the public interest.''

Effective April 1, 1999, the four agencies amended their capital standards to adopt a uniform minimum leverage capital requirement and uniform risk-based capital standards for the treatment of presold residential construction loans, junior liens on one-to-four family residential properties, and investments in mutual funds.[1] The four agencies' ongoing efforts to eliminate other differences among their regulatory capital standards are discussed in the following section.

B. Differences in Capital Standards Among the Federal Banking and Thrift Agencies

B.1. Capital Requirements for Recourse Arrangements

B.1.a. Senior-Subordinated Structures—Some asset securitization structures involve the creation of senior and subordinated classes of securities or other financial instruments. When a bank originates such a transaction and retains a subordinated interest, the banking agencies generally require that the bank maintain risk-based capital against its subordinated interest plus all more senior interests unless the low-level recourse rule applies.[2] However, when a bank purchases a subordinated interest in a pool of assets that it did not own, the banking agencies assign the investment in the subordinated interest to the 100 percent risk weight category.

In general, unless the low-level recourse rule applies, the OTS requires a thrift that holds the subordinated interest in a senior-subordinated structure to maintain capital against the subordinated interest plus all more senior interests regardless of whether the subordinated interest has been retained or has been purchased.

On March 8, 2000, the banking and thrift agencies published a proposal that, among other provisions, generally would treat both retained and purchased subordinated interests similarly for risk-based capital purposes, i.e., banks and thrifts would be required to hold capital against the subordinated interest plus all more senior interests unless the low-level recourse rule applies. The proposal also includes a multi-level approach for determining the capital requirements for asset securitizations. The multi-level approach would vary the risk-based capital requirements for positions in securitizations, including subordinated interests, according to their relative risk exposure. The comment period for the proposal ended on June 7, 2000. After the agencies evaluate the comments received, they will determine how to proceed with their joint proposal.

B.1.b. Recourse Servicing—The right to service loans and other financial assets may be retained when the assets are sold. This right also may be acquired from another entity. Regardless of whether servicing rights are retained or acquired, recourse is present whenever the servicer must absorb credit losses on the assets being serviced. The banking agencies and the OTS require an institution to maintain risk-based capital against the full amount of assets sold by the institution if the institution, as servicer, must absorb credit losses on those assets. Additionally, the OTS applies a capital charge to the full amount of assets being serviced by a thrift that has purchased the servicing from another party if the thrift is required to absorb credit losses on the assets being serviced.

The agencies' March 2000 risk-based capital proposal would require banks that purchase loan servicing rights which provide loss protection to the owners of the serviced loans to begin to hold capital against those loans, thereby making the risk-based capital treatment of these servicing rights uniform for banks and savings associations. As mentioned above, after evaluating the comments received on the proposal, the agencies will determine how to proceed with the proposal.

B.2. Interest Rate Risk

Section 305 of the FDIC Improvement Act of 1991 mandates that the agencies' risk-based capital standards take adequate account of interest rate risk. In August 1995, each of the banking agencies amended its capital standards to specifically include an assessment of a bank's interest rate risk, as measured by its exposure to declines in the economic value of its capital due to changes in interest rates, in the evaluation of bank capital adequacy. In June 1996, the banking agencies issued a Joint Agency Policy Statement on Interest Rate Risk that provides guidance on sound practices for managing interest rate risk. This policy statement does not establish a standardized measure of interest rate risk nor does it create an explicit capital charge for interest rate risk. Instead, the policy statement identifies the standards that the banking agencies will use to evaluate the adequacy and effectiveness of a bank's interest rate risk management.

In 1993, the OTS adopted a final rule that adds an interest rate risk component to its risk-based capital standards. Under this rule, savings associations with a greater than normal interest rate exposure must take a deduction from the total capital available to meet their risk-based capital requirement. The deduction is equal to one half of the difference between the institution's actual measured exposure and the normal level of exposure. The OTS has partially implemented this rule by formalizing the review of interest rate risk; however, no deductions from capital are being made. Thus, the regulatory capital approach to interest rate risk adopted by the OTS differs from that of the banking agencies.

B.3. Subsidiaries

The banking agencies generally consolidate all significant majority-owned subsidiaries of the parent bank for regulatory capital purposes. The purpose of this practice is to assure that capital requirements are related to all of the risks to which the bank is exposed. For subsidiaries that are not consolidated on a line-for-line basis, their balance sheets may be consolidated on a pro-rata basis, bank investments in such subsidiaries may be deducted entirely from capital, or the investments may be risk-weighted at 100 percent, depending upon the circumstances. These options for handling subsidiaries for purposes of determining the capital adequacy of the parent bank provide the banking agencies with the flexibility necessary to ensure that institutions maintain capital levels that are commensurate with the actual risks involved.

Under the OTS' capital guidelines, a statutorily mandated distinction is drawn between subsidiaries engaged in activities that are permissible for

[1] For further information on these previous differences in capital standards, please refer to the FDIC's Report Regarding Capital and Accounting Differences Among the Federal Banking and Thrift Agencies for 1998 (64 FR 26962).

[2] When assets are sold with limited recourse, the banking and thrift agencies' risk-based capital standards limit the amount of capital that must be maintained against this exposure to the less of the amount of the recourse retained (*e.g.*, through the retention of a subordinated interest) or the amount of risk-based capital that would otherwise be required to be held against the assets that were sold, *i.e.*, the full effective risk-based capital charge. This is known as the ''low-level recourse'' rule.

national banks and subsidiaries engaged in ''impermissible'' activities for national banks. For regulatory capital purposes, subsidiaries of savings associations that engage only in permissible activities are consolidated on a line-for-line basis, if majority-owned, and on a pro rata basis, if ownership is between 5 percent and 50 percent. For subsidiaries that engage in impermissible activities, investments in, and loans to, such subsidiaries are deducted from assets and capital when determining the capital adequacy of the parent.

B.4. Servicing Assets and Intangible Assets

The four agencies' capital rules permit servicing assets and purchased credit card relationships to count toward capital requirements, subject to certain limits. The aggregate regulatory capital limit on these two categories of assets is 100 percent of Tier 1 capital. However, within this overall limit, nonmortgage servicing assets are combined with purchased credit card relationships and this combined amount is limited to no more than 25 percent of an institution's Tier 1 capital. Before applying these Tier 1 capital limits, mortgage servicing assets, nonmortgage servicing assets, and purchased credit card relationships are each first limited to the lesser of 90 percent of their fair value or 100 percent of their book value (net of any valuation allowances). Any servicing assets and purchased credit card relationships that exceed the relevant limits, as well as all other intangible assets such as goodwill and core deposit intangibles, are deducted from capital and assets in calculating an institution's Tier 1 capital.

Although the four agencies' regulatory capital treatment of servicing assets and intangible assets is fundamentally the same, the OTS' capital rules contain two differences from the banking agencies' rules in this area. However, with the passage of time, these two differences have become relatively insignificant. Under its rules, the OTS has grandfathered, *i.e.*, does not deduct from regulatory capital, (a) core deposit intangibles acquired before February 1994 up to 25 percent of Tier 1 capital and (b) all purchased mortgage servicing rights acquired before February 1990.

B.5. Collateralized Transactions

The FRB and the OCC assign a zero percent risk weight to claims collateralized by cash on deposit in the institution or by securities issued or guaranteed by the U.S. Government or the central governments of countries that are members of the Organization of Economic Cooperation and Development (OECD), provided a positive margin of collateral protection is maintained daily.

The FDIC and the OTS assign a 20 percent risk weight to claims collateralized by cash on deposit in the institution or by securities issued or guaranteed by the U.S. Government or OECD central governments.

As part of the Section 303 review of their capital standards, the banking and thrift agencies issued a joint proposal in August 1996 that would permit collateralized claims that meet criteria that are uniform among all four agencies to be eligible for a zero percent risk weight, thereby eliminating the current difference among the agencies. In general, this proposal would allow institutions supervised by the FDIC and the OTS to hold less capital for transactions collateralized by cash or U.S. or OECD government securities. The agencies are continuing to discuss how they should proceed in order to implement a uniform risk-based capital treatment for collateralized transactions. However, due to the amount of time since the issuance of their 1996 joint proposal, the agencies would likely need to issue another proposed rule for collateralized transactions before they could move forward with a final rule.

B.6. Noncumulative Perpetual Preferred Stock

Under the banking and thrift agencies' capital standards, noncumulative perpetual preferred stock is a component of Tier 1 capital. The FDIC's capital standards define noncumulative perpetual preferred stock as perpetual preferred stock where the issuer has the option to waive the payment of dividends and where the dividends so waived do not accumulate to future periods and do not represent a contingent claim on the issuer. Under the FRB's capital standards, perpetual preferred stock is noncumulative if the issuer has the ability and legal right to defer or eliminate preferred dividends. For these two agencies, for a perpetual preferred stock issue to be considered noncumulative, the issue may not permit the accruing or payment of unpaid dividends in any form, including the form of dividends payable in common stock. Thus, if the issuer of perpetual preferred stock is required to pay dividends in a form other than cash when cash dividends are not or cannot be paid, the issuer does not have the option to waive or eliminate dividends and the stock would not qualify as noncumulative. The OCC's capital standards do not explicitly define noncumulative perpetual preferred stock, but the OCC normally has not considered perpetual preferred stock issues with this type of dividend requirement to be noncumulative.

The OTS defines as noncumulative those issues of perpetual preferred stock where the unpaid dividends are not carried over to subsequent dividend periods. This definition does not address the issuer's ability to waive dividends. As a result, the OTS has permitted perpetual preferred stock issues that require the payment of dividends in the form of stock in the issuer when cash dividends are not paid to qualify as noncumulative.

B.7. Limitation on Subordinated Debt and Limited-Life Preferred Stock

Consistent with the Basel Accord, the internationally agreed-upon risk-based capital framework which the banking agencies' risk-based capital standards implement, the banking agencies limit the amount of subordinated debt and intermediate-term preferred stock that may be treated as part of Tier 2 capital to an amount not to exceed 50 percent of Tier 1 capital. In addition, all maturing capital instruments must be discounted by 20 percent in each of the last five years before maturity. The banking agencies adopted this approach in order to emphasize equity versus debt in the assessment of capital adequacy.

The OTS has no limitation on the ratio of maturing capital instruments as part of Tier 2 capital. Furthermore, for all maturing instruments issued after November 7, 1989, thrifts have the option of using either (a) the discounting approach used by the banking regulators, or (b) an approach which allows for the full inclusion of all such instruments provided that the amount maturing in any one year does not exceed 20 percent of the thrift's total capital. As for maturing capital instruments issued on or before November 7, 1989, the OTS has grandfathered them with respect to the discounting requirement.

B.8. Privately-Issued Mortgage-Backed Securities

The banking agencies, in general, place privately-issued mortgage-backed securities in either the 50 percent or 100 percent risk-weight category, depending upon the appropriate risk category of the underlying assets. However, privately-issued mortgage-backed securities, if collateralized by government agency or government-sponsored agency securities, are generally assigned to the 20 percent risk weight category.

The OTS assigns privately-issued high-quality mortgage-related securities to the 20 percent risk weight category. In general, these are privately-issued mortgage-backed securities that are rated in one of the two highest rating categories, *e.g.,* AA or better, by at least one nationally recognized statistical rating organization.

The four agencies' previously mentioned March 8, 2000, proposed risk-based capital amendments include a multi-level approach for determining the capital requirements for positions in securitizations, including privately-issued mortgage-backed securities, according to their relative risk exposure. Under this approach, mortgage-backed securities in the two highest rating categories would be assigned to the 20 percent risk category. If the agencies were to adopt this approach in any final rule resulting from the proposal, this interagency difference would be eliminated.

B.9. Nonresidential Construction and Land Loans

The banking agencies assign loans for nonresidential real estate development and construction purposes to the 100 percent risk weight category. The OTS generally assigns these loans to the same 100 percent risk category. However, if the amount of the loan exceeds 80 percent of the fair value of the property, the OTS deducts the excess portion from assets and total capital.

B.10. "Covered Assets"

The banking agencies generally place assets subject to guarantee arrangements by the FDIC or the former Federal Savings and Loan Insurance Corporation in the 20 percent risk weight category. The OTS places these "covered assets" in the zero percent risk-weight category.

B.11. Pledged Deposits and Nonwithdrawable Accounts

The OTS' capital standards permit savings associations to include pledged deposits and nonwithdrawable accounts that meet OTS' criteria, Income Capital Certificates, and Mutual Capital Certificates in regulatory capital.

Instruments such as pledged deposits, nonwithdrawable accounts, Income Capital Certificates, and Mutual Capital Certificates do not exist in the banking industry and are not addressed in the banking agencies' capital standards.

C. Differences in Accounting Standards Among the Federal Banking and Thrift Agencies

C.1. Push Down Accounting

Push down accounting is the establishment of a new accounting basis for a depository institution in its separate financial statements as a result of a substantive change in control. Under push down accounting, when a depository institution is acquired in a purchase (but not in a pooling of interests), yet retains its separate corporate existence, the assets and liabilities of the acquired institution are restated to their fair values as of the acquisition date. These values, including any goodwill, are reflected in the separate financial statements of the acquired institution as well as in any consolidated financial statements of the institution's parent.

The banking agencies require push down accounting when there is at least a 95 percent change in ownership. This approach is generally consistent with accounting interpretations issued by the staff of the Securities and Exchange Commission.

The OTS requires push down accounting when there is at least a 90 percent change in ownership.

C.2. Negative Goodwill

Under Accounting Principles Board Opinion No. 16, "Business Combinations," negative goodwill arises when the fair value of the net assets acquired in a purchase business combination exceeds the cost of the acquisition and a portion of this excess remains after the values otherwise assignable to the acquired noncurrent assets have been reduced to zero.

The banking agencies require negative goodwill to be reported as a liability on the balance sheet and do not permit it to be netted against any goodwill that is included as an asset. This ensures that all goodwill assets are deducted in regulatory capital calculations consistent with the Basel Accord.

The OTS permits negative goodwill to offset goodwill assets on the balance sheet.

Dated at Washington, D.C., this 26th day of June, 2000.

Federal Deposit Insurance Corporation.

Robert E. Feldman,

Executive Secretary.

[FR Doc. 00–16575 Filed 6–29–00; 8:45 am]

BILLING CODE 6714–01–P

FEDERAL RESERVE

Sunshine Act meeting; Notice

AGENCY HOLDING THE MEETING: Board of Governors of the Federal Reserve System.

TIME AND DATE: 10:00 a.m., Wednesday, July 5, 2000.

PLACE: Marriner S. Eccles Federal Reserve Board Building, 20th and C Streets, N.W., Washington, D.C. 20551.

STATUS: Closed.

MATTERS TO BE CONSIDERED:

1. Personnel actions (appointments, promotions, assignments, reassignments, and salary actions) involving individual Federal Reserve System employees.

2. Any matters carried forward from a previously announced meeting.

CONTACT PERSON FOR MORE INFORMATION: Lynn S. Fox, Assistant to the Board; 202–452–3204.

SUPPLEMENTARY INFORMATION: You may call 202–452–3206 beginning at approximately 5 p.m. two business days before the meeting for a recorded announcement of bank and bank holding company applications scheduled for the meeting; or you may contact the Board's Web site at http://www.federalreserve.gov for an electronic announcement that not only lists applications, but also indicates procedural and other information about the meeting.

Dated: June 28, 2000.

Robert deV. Frierson,

Associate Secretary of the Board.

[FR Doc. 00–16714 Filed 6–28–00; 10:44 am]

BILLING CODE 6210–01–P

DEPARTMENT OF HEALTH AND HUMAN SERVICES

Communicable Diseases Advisory Council; Establishment

AGENCY: Department of Health and Human Services.

ACTION: Notice of establishment of advisory council.

SUMMARY: The Secretary of Health and Human Services has established the Communicable Diseases Advisory Council (CDAC) to provide advice on communicable diseases, regulations, and related matters, formerly provided by the National Advisory Health Council (NAHC) for control of communicable diseases pursuant to section 361 of the Public Health Service (PHS) Act. The members of the CDAC are the Assistant Secretary for Health, the Surgeon General of the Public Health Service, the Director of the National Institutes of Health, the Director of the Centers for Disease Control and Prevention, the Commissioner of Food and Drugs, the Director of the National Institute of Allergy and Infectious Diseases, and the Director of the National Center for Infectious Diseases. The CDAC is chaired by the Assistant Secretary for Health. Section 361 of the PHS Act (42 U.S.C. 264) requires certain advisory