

Board of Governors of the Federal Reserve System, November 14, 2000.

Robert deV. Frierson,

Associate Secretary of the Board.

[FR Doc. 00-29525 Filed 11-16-00; 8:45 am]

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FEDERAL RESERVE SYSTEM

Formations of, Acquisitions by, and Mergers of Bank Holding Companies

The companies listed in this notice have applied to the Board for approval, pursuant to the Bank Holding Company Act of 1956 (12 U.S.C. 1841 *et seq.*) (BHC Act), Regulation Y (12 CFR Part 225), and all other applicable statutes and regulations to become a bank holding company and/or to acquire the assets or the ownership of, control of, or the power to vote shares of a bank or bank holding company and all of the banks and nonbanking companies owned by the bank holding company, including the companies listed below.

The applications listed below, as well as other related filings required by the Board, are available for immediate inspection at the Federal Reserve Bank indicated. The application also will be available for inspection at the offices of the Board of Governors. Interested persons may express their views in writing on the standards enumerated in the BHC Act (12 U.S.C. 1842(c)). If the proposal also involves the acquisition of a nonbanking company, the review also includes whether the acquisition of the nonbanking company complies with the standards in section 4 of the BHC Act (12 U.S.C. 1843). Unless otherwise noted, nonbanking activities will be conducted throughout the United States. Additional information on all bank holding companies may be obtained from the National Information Center website at www.ffiec.gov/nic/.

Unless otherwise noted, comments regarding each of these applications must be received at the Reserve Bank indicated or the offices of the Board of Governors not later than December 14, 2000.

A. Federal Reserve Bank of New York (Betsy Buttrill White, Senior Vice President) 33 Liberty Street, New York, New York 10045-0001:

1. Israel Salt Industries, Ltd., Atlit, Israel, through its direct and indirect control of 45.25 percent of the voting shares of Bank Hapoalim B.M., Tel Aviv, Israel; to become a bank holding company as a result of the establishment by Bank Hapoalim of Signature Bank, New York, New York (in formation). Signature Bank would be a wholly owned subsidiary of Bank Hapoalim.

B. Federal Reserve Bank of Richmond (A. Linwood Gill, III, Vice President) 701 East Byrd Street, Richmond, Virginia 23261-4528:

1. F&M National Corporation, Winchester, Virginia; to merge with Community Bankshares of Maryland, Inc., Bowie, Maryland, and thereby indirectly acquire Community Bank of Maryland, Bowie, Maryland.

2. Virginia Capital Bancshares, Inc., Fredericksburg, Virginia; to become a bank holding company by acquiring 100 percent of the voting shares of Fredericksburg State Bank, Fredericksburg, Virginia.

C. Federal Reserve Bank of Chicago (Phillip Jackson, Applications Officer) 230 South LaSalle Street, Chicago, Illinois 60690-1414:

1. Northstar Financial Group, Inc, Bad Axe, Michigan; to become a bank holding company by acquiring 100 percent of the voting shares of Northstar Bank (in organization), Bad Axe, Michigan.

D. Federal Reserve Bank of St. Louis (Randall C. Sumner, Vice President) 411 Locust Street, St. Louis, Missouri 63166-2034:

1. Mississippi Valley Bancshares, Inc., St. Louis, Missouri; to acquire 100 percent of the voting shares of Southwest Bank of Phoenix (in organization), Phoenix, Arizona. Comments regarding this application must be received not later than December 11, 2000.

E. Federal Reserve Bank of Kansas City (D. Michael Manies, Assistant Vice President) 925 Grand Avenue, Kansas City, Missouri 64198-0001:

1. Lauritzen Corporation, Omaha, Nebraska; to become a bank holding company by acquiring 21.09 percent of the voting shares of First National of Nebraska, Inc., Omaha, Nebraska, and thereby indirectly acquire voting shares of First National Bank of Omaha, Omaha, Nebraska; First National Bank & Trust Company of Columbus, Columbus, Nebraska; First National Bank, North Platte, Nebraska; First National Bank, South Dakota, Yankton, South Dakota; Platte Valley State Bank & Trust Company, Fremont, Nebraska; Fremont National Bank & Trust Company, Fremont, Nebraska; First National Bank of Kansas, Overland Park, Kansas; and First National of Colorado, Inc., Fort Collins, Colorado; and thereby acquire First National Bank, Fort Collins, Colorado; Bank in Boulder, Boulder, Colorado; and Union Colony Bank, Greeley, Colorado.

Board of Governors of the Federal Reserve System, November 14, 2000.

Robert deV. Frierson,

Associate Secretary of the Board.

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FEDERAL RESERVE SYSTEM

Notice of Proposals To Engage in Permissible Nonbanking Activities or To Acquire Companies That Are Engaged in Permissible Nonbanking Activities

The companies listed in this notice have given notice under section 4 of the Bank Holding Company Act (12 U.S.C. 1843) (BHC Act) and Regulation Y, (12 CFR Part 225) to engage *de nova*, or to acquire or control voting securities or assets of a company, including the companies listed below, that engages directly or through a subsidiary or other company, in a nonbanking activity that is listed in § 225.28 of Regulation Y (12 CFR 225.27) or that the Board has determined by Order to be closely related to banking and permissible for bank holding companies. Unless otherwise noted, these activities will be conducted throughout the United States

Each notice is available for inspection at the Federal Reserve Bank indicated.

The notice also will be available for inspection at the offices of the Board of Governors. Interested persons may express their views in writing on the question whether the proposal complies with the standards of section 4 of the BHC Act. Additional information on all bank holding companies may be obtained from the National Information Center website at www.ffiec.gov/nic/.

Unless otherwise noted, comments regarding the applications must be received at the Reserve Bank indicated or the offices of the Board of Governors not later than December 4, 2000.

A. Federal Reserve Bank of New York (Betsy Buttrill White, Senior Vice President) 33 Liberty Street, New York, New York 10045-0001:

1. Mizuho Holdings, Inc., Tokyo, Japan, and Dai-Ichi Kangyo Bank, Limited, The, Tokyo Japan; to engage *de nova* through its subsidiary, Dealerconx, Inc., Livingston, New Jersey, in providing loan and lease agency and brokerage services, data processing services and loan/lease servicing through an internet-based data processing application available to retail automotive dealers that seek loan and lease financing and related financial services for customers' retail automobile purchases, pursuant to § 225.28(b)(1), (2), (3), and (14) of Regulation Y.

2. Svenska Handelsbanken, Stockholm, Sweden; to engage *de novo*, through its subsidiary, Oktogon Advisers, LLC, New York, New York, in providing portfolio investment advice on a discretionary and directed basis (including advice on derivative transactions and structured assets) to U.S. and non-U.S. clients, including corporations and institutional investors (such as pension funds and insurance companies), charitable foundations, religious and university endowment funds, private investment companies, and hedge funds (both off-shore and on-shore) and mutual funds, pursuant to § 225.28(b)(6) of Regulation Y.

3. Westdeutsche Landesbank Girozentrale, Dusseldorf, Germany; to acquire Gulfstream Global Investors, Ltd., Addison, Texas, and thereby engage in investment advisory activities, pursuant to § 225.28(b)(6) of Regulation Y.

Board of Governors of the Federal Reserve System, November 14, 2000.

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Associate Secretary of the Board.

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FEDERAL RESERVE SYSTEM

[Docket No. R-1086]

Federal Reserve Bank Services

AGENCY: Board of Governors of the Federal Reserve System.

ACTION: Notice.

SUMMARY: The Board has approved the fee schedules for Federal Reserve priced services and electronic connections and a private-sector adjustment factor (PSAF) for 2001 of \$206.9 million. These actions were taken in accordance with the requirements of the Monetary Control Act of 1980, which requires that, over the long run, fees for Federal Reserve priced services be established on the basis of all direct and indirect costs, including the PSAF.

DATES: The new fee schedules become effective January 2, 2001.

FOR FURTHER INFORMATION CONTACT: For questions regarding the fee schedules: Erik Kiefel, Financial Services Analyst, Retail Payments, (202/721-4559); Susan Foley, Senior Financial Services Analyst, ACH Payments, (202/452-3596); Cynthia Yablon, Financial Services Analyst, Funds Transfer and Book-Entry Securities Services, (202/452-2046); Donna DeCorleto, Financial Services Project Leader, Noncash Collection Service, (202/452-3956); Michael Lambert, Senior Financial

Services Analyst, Special Cash Services, (202/452-3376); or Paul Grabow, Senior Information Technology Analyst (electronic connections), (202/452-2830), Division of Reserve Bank Operations and Payment Systems. For questions regarding the PSAF: Gregory Evans, Manager, Financial Accounting, (202/452-3945), Division of Reserve Bank Operations and Payment Systems. For users of Telecommunications Device for the Deaf (TDD) *only*, please contact Janice Simms (202/872-4984). Copies of the 2001 fee schedules for the check service are available from the Board, the Reserve Banks, or the Federal Reserve Banks' financial services web site at www.frb-services.org.

SUPPLEMENTARY INFORMATION:

I. Priced Services

A. Overview

The Federal Reserve Banks continue to meet the Monetary Control Act's requirement that they recover, over the long run, their direct and indirect costs, including imputed costs and profits, of providing priced services. Over the period 1990 through 1999, the Reserve Banks recovered 99.7 percent of their total costs for providing priced services, including imputed expenses, special project costs that were budgeted for recovery, and targeted after-tax profits, or return on equity (ROE).¹

For 2000, the Reserve Banks estimate that they will recover 100.4 percent of the costs of providing priced services. They project a 98.0 percent recovery rate in 2001, largely due to transition costs associated with the check

¹ These imputed costs, such as taxes that would have been paid and the return on capital that would have been earned had the services been provided by a private business, are referred to as the PSAF. The PSAF is based on data developed in part from a model comprising the nation's fifty largest (by asset size) bank holding companies. Based on consolidated financial data for the holding companies in the model for each of the last five years, the targeted ROE is the budgeted after-tax profit that the Federal Reserve would have earned had it been a private business. This ten-year recovery rate is based upon the method used for the pro forma income statement for Federal Reserve priced services published in the Board's *Annual Report*. The pro forma income statement reflects certain offsets to costs related to the transition to financial accounting standards number 87 (FAS 87) that have not been included in the 1999 repricing pro forma in this memorandum. Beginning in 2000, the PSAF includes additional financing costs associated with pension assets used by priced services. This ten-year cost-recovery amount has been computed as if these costs historically had been included in the PSAF calculations. If this modification were not applied to prior periods, the ten-year recovery rate would increase to 101.1 percent. In order to provide a more accurate comparison against the targeted return on equity that was used for establishing prices within those services, the 1999 service-line recovery data in this memorandum do not reflect the revisions to the PSAF method.

modernization project and the transition to a new cost-allocation method for the book-entry service. The primary risks to the 2001 projection are the Reserve Banks' ability to meet aggressive revenue and cost targets in the check service, because of the impact of the check modernization project; the uncertain effects of price-structure and service-level changes being implemented for automated clearinghouse (ACH) interoperator transactions; and increased competition for ACH and funds-transfer services.

In their 2001 fee schedules, the Reserve Banks include changes that continue to provide an economic incentive for depository institution customers to make greater use of electronic payment services. In particular, the price index for electronic payment services (ACH, funds transfer and net settlement, book-entry securities, and electronic check) and electronic connections is projected to decline approximately 1.9 percent in 2001. The index for paper-based payment services (check, special cash, and noncash collection) is expected to increase 6.4 percent. The overall 2001 price index for all Federal Reserve priced services is projected to increase 4.2 percent, the same as the increase in 2000. Since 1996, the overall price index has increased only half a percent.²

The following are changes in fee structures and levels for priced services in 2001:

- The Reserve Banks will make no changes to fees for the Fedwire funds transfer and national net settlement services. The price index for Fedwire

² These estimates are based on a chained Fisher Ideal price index. This index provides customers with a representation of the total price or cost of Reserve Bank services, offering a more complete picture than is possible solely from comparing changes in individual service fees over time. This index is not adjusted for quality changes in Federal Reserve priced services. Data elements used in calculating the index include explicit fee revenue from priced services products and services and electronic connections to the Reserve Banks, volumes associated with those products and services, and imputed income associated with clearing balances through the Reserve Banks. The price index is calculating using the actual, estimated, or projected full-year revenues and volumes. For 2001, the year-over-year percentage change in the index results from a comparison of the 2001 projections to the 2000 estimates for priced services revenues and volumes. The Reserve Banks delayed implementing the fee changes for 2000 until April to minimize changes for depository institution customers during the period surrounding the century rollover. The 2001 index, therefore, does not directly compare the impact of the prices implemented on April 2000 against the 2001 prices because the 2000 estimate includes revenues and volumes from the first quarter of 2000. The changes in the price index since 1996 are calculated with full-year 2001 projected and 1996 actual revenues and volumes.